



NE



PotashCorp

2005 SUSTAINABILITY REPORT



one economy.

one community.

one environment.

one world.

about **POTASHCORP**

THIS REPORT OUTLINES THE PROGRESS WE MADE IN 2005 ON OUR JOURNEY TOWARD SUSTAINABILITY.

This year we adopted the new draft G3 guidelines established by the Global Reporting Initiative (GRI), which provide the framework for the report. This has resulted in a number of significant changes from previous years:

- > The CEO letter includes more discussion of global trends.
- > The report includes a new section setting out the profile of the company.
- > There is much more information on our social performance.
- > The report brings out more clearly than ever the results we are achieving through our social, environmental and economic commitments.

Additional information and data can be found on the PotashCorp website where an enhanced version of this printed report is available. Icons directing you to more website data are contained throughout this document.

The report has been prepared for the use of all our major stakeholders — investors, customers, employees, suppliers, regulators, and host communities. We have tried to present a clear, comprehensive and balanced perspective on our achievements.

The report describes company-wide performance; performance by business division; and also performance at each of our operating sites. All of the company-wide information relates only to PotashCorp and its direct operating subsidiaries. It does not include the performance of companies in which

PotashCorp has a minority investment, namely SQM in Chile, Arab Potash Company in Jordan, ICL in Israel and Sinofert in China.

We have kept much of the information consistent with that contained in earlier reports. We also provide multi-year time series on our performance. This will enable users to analyze changes in our performance over time.

The Sustainability Committee of the company was responsible for overseeing the preparation of this report. It has reviewed all of the material presented and takes responsibility for its accuracy and completeness.

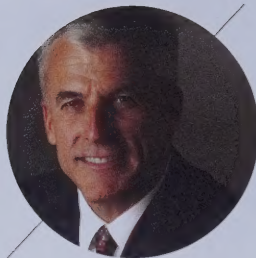
Except where noted, all currency figures are stated in US dollars.



A view of earth from space offers the purest case for sustainable development. It is a stark reminder that we're all in this together, sharing a single environment, a global economy, a shared community. In a shrinking world, you need an expanded view of things.

This is why at PotashCorp we adhere to a triple bottom line report of our economic, social and environmental performance and why we are so proud to present our fourth annual sustainability report.

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one on one

WITH THE PRESIDENT AND CEO

THIS, OUR FOURTH ANNUAL SUSTAINABILITY REPORT, is the most comprehensive report on our sustainability performance produced to date. It clearly demonstrates the importance we place on sustainability throughout the company and the significant progress we continue to make on our journey.

For us, sustainability is an integral element in our vision to be a successful global fertilizer company, leveraging our strengths in potash, nitrogen and phosphate to feed the world. In pursuing this vision, we consider our impact on investors, customers, employees, suppliers and the communities and environment where we do business. All are essential to our long-term success.

I want to take this opportunity, not only to share with you some of our accomplishments in 2005, but also to give you my perspective on the trends and challenges that will shape our sustainability priorities in the coming years.

PotashCorp's sustainability performance was noteworthy in 2005. We achieved the majority of the sustainability targets we set for ourselves. These are documented fully in the governance, economic, social and environmental performance sections of this report. Among our achievements, however, there are a few I would like to highlight.

- > We enjoyed a year of record economic performance, resulting in significant economic benefits for many of our stakeholders, including employees, investors, suppliers and governments.



- > We achieved a new record for charitable giving and community contributions. In a year characterized by major global disasters, the company and our employees responded to the challenge. Early in 2005, we were among the first companies to step forward following the tsunami in Southeast Asia, providing \$1 million to the relief effort. Later in the year when Hurricane Katrina devastated New Orleans and the surrounding area, the company again responded — providing \$150,000 to two organizations recommended by our Geismar, Louisiana staff. Our employees donated over \$100,000 to help those devastated by the tsunami and by Hurricane Katrina, and the company matched that amount through its matching gift program.
- > PotashCorp reduced direct greenhouse gas emissions in 2005 by 5.3%. Much of this was the result of the use of newer technologies and energy efficiency improvements for both fuel and process gas.
- > We continued to improve energy efficiency at many of our operations. Between 2002 and 2005, energy consumption per tonne of production improved 19% at our potash facilities and 14% at our phosphate operations. Trinidad's 03 and 04 ammonia plants completed expansion projects that increased their ammonia output while reducing energy per tonne of production by 11% and 4.5%, respectively. Similar projects are planned for this site's other ammonia plants in 2006.

- > PotashCorp's Trinidad operation has introduced a comprehensive HIV/AIDS Program that provides education and training, counseling and risk control for all employees. Unfortunately, we did not achieve everything we set out to do. Although our commitment to safety is a longstanding corporate value and we track our safety performance continuously, we fell short of the record safety performance achieved in 2004. We responded by revitalizing our safety efforts. We established a Senior Safety Leadership Team whose goal is to create a safety culture throughout PotashCorp that eliminates behaviors and conditions that cause accidents. Each facility has now developed a Safety Action Plan.

The theme of this year's Sustainability Report is "One World." In adopting this theme we are recognizing that as a global company our future success is intimately intertwined with global developments: demand, supply, competition, tensions and even natural disasters thousands of miles away that can affect PotashCorp's operations.

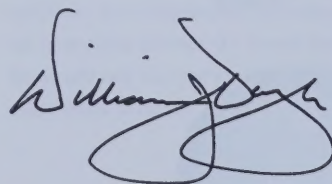
Looking forward, I want to highlight the global trend toward rapid economic growth in countries like China and India, which will shape our success as a sustainable company in the longer term.

Growth in these countries is driving demand for better food. This, in turn, is driving demand for potash, the nutrient with the greatest impact on food quality, and the ingredient where we are best positioned to bring on additional production to meet rising demand. This trend validates our Potash First strategy.

We also are embarking on a new initiative that will encourage and involve our business partners in PotashCorp's sustainability journey. Our view is that we can achieve much more together than if we each act alone. Last year we began the process of verifying that our key suppliers shared our commitment to human rights and sustainability practices. This year we are focusing on our customers. We are launching a new advertising campaign that pays tribute to those agricultural retailers and dealers who are promoting sustainable business practices as they enrich their communities.

I want to thank our employees and business partners for their commitment and efforts in achieving so much during this past year. As always, your continued contributions are essential to our success as we strive to become a sustainable business leader. I would also like to thank the board for overseeing and guiding our efforts.

We are pleased with our progress, but much more remains to be done. I look forward to another productive year on our journey to sustainability.



William J. Doyle

President and CEO | PotashCorp | August 1, 2006

a letter

FROM THE
SUSTAINABILITY COMMITTEE

2005 MARKED A SIGNIFICANT EVOLUTION IN THE ROLE OF THE SUSTAINABILITY COMMITTEE.

When the committee was established in 2001, its primary mandate was to oversee the annual process of reporting on PotashCorp's sustainability performance and the development of a sustainability framework for the company. Today, the committee is engaged in discussions on long-term issues that affect the company as it strives to become more sustainable and more global.

There have been changes, too, with respect to participation in the committee. While the core membership remains unchanged, the committee has been enhanced by the presence of the CFO, the General Counsel and the Vice President of Internal Audit who are participating in its meetings. This brings new perspectives to the discussion and decision-making. It also ensures that most of the senior executives with responsibility for implementing sustainability initiatives are fully involved in the initial decision process.

The committee has set a number of sustainability priorities for PotashCorp in the coming year. These five "sustainability platforms" are:

> *Safety* – A safe and healthy workplace is a productive workplace. We will continue to take proactive measures to improve our safety performance. PotashCorp has recently created a high-level team focused on the prevention of accidents among employees and contractors. This Senior Safety Leadership Team is shifting attention from traditional safety measures such as the frequency of

lost-time injuries or recordable accidents and placing greater attention on eliminating behaviors and conditions that could lead to accidents. In addition, each facility develops an annual Safety Action Plan to address measurable performance in behavior-based safety, key procedures, contractor safety and organizational culture.

- > *Diversity* – Respecting and leveraging workforce diversity is a key element in our goal to become a truly global company. It also is an important issue with our employees who gave diversity in the workplace a high ranking in the most recent employee engagement survey. In the coming year we will do more to promote diversity. We are sharing best practices at our company-wide Human Resources meetings, and we're developing an online training module that addresses diversity in the workforce.
- > *Stakeholder Engagement* – A key element of our stakeholder engagement process is the use of annual surveys of customers, employees, communities and investors. These surveys have told us that we clearly outperform our competitors in effectively communicating with investors and customers. We intend to use this same communications model to achieve a high degree of meaningful dialogue with other stakeholder groups. We also plan on expanding the use of Community Advisory Panels in our host communities.
- > *Environment* – Our ongoing goal is no harm to the environment. Our emphasis will be to continue to reduce our energy requirements and our greenhouse gas emissions per tonne of production. In addition,



we will continue to ensure that our capital investments in new plant, equipment and processes are aligned with these priorities.

- > **Philanthropy** – While continuing to focus our charitable giving in the areas of education, the arts, culture and health care, we will also strive to ensure our philanthropy balances both local and global needs. In addition, through improvements in PotashCorp's matching gift program, we will more directly involve our employees in the company's philanthropic activities. The matching gift program provides a framework that ensures strong linkage between employees' charitable causes and those of the company.

The committee was involved in a number of operational decisions designed to advance sustainability within the company. Examples include:

- > The committee decided to adopt the G3 reporting framework as a guide for the 2005 Sustainability Report. G3 is a further refinement of the Global Reporting Initiative (GRI) international guidelines for sustainability reporting. Using G3 enables us to place more emphasis on reporting our performance and demonstrating more clearly what we have achieved. The decision also demonstrates our commitment to greater transparency and more disclosure.

- > The committee has begun an outreach program with other companies to learn how they are addressing sustainability issues within their organizations and to share best practices.
- > The committee has strengthened its operating procedures to ensure it continues to keep the board informed of key sustainability developments in a timely manner.
- > Committee members played an important role in communicating PotashCorp's sustainability vision and commitment to key stakeholder groups inside and outside the company.

Like all of our fellow employees, the committee is pleased with the recognition that many of our facilities received for their safety, environmental and community performance in 2005. This is documented in the performance sections of this report. Significant awards included:

- > The phosphate operation at Aurora won the Outstanding Reclamation Award from the National Association of State Land Reclamationists for its efforts at Whitehurst Creek. The restoration involved enhancements to the aquatic culture and stream system, and the area is once again home to fish, birds and other wildlife.
- > The company received five national awards from the Canadian Institute of Chartered Accountants (CICA)

including awards for its sustainability report and corporate governance disclosure.

- > PotashCorp was also named one of Canada's 50 Best Corporate Citizens of 2005 by *Corporate Knights* magazine. The list represents those companies that "are best living up to their civil foundation responsibilities."
- > PotashCorp was again certified as a "valued member" of the FTSE4Good Index Series. This distinction resulted from meeting this London-based index company's criteria for corporate social responsibility.
- > New Brunswick Division was the recipient of the 2005 Canadian Institute of Mining, Metallurgy and Petroleum's National John T. Ryan Award for Select Mines. The award, which is the most prestigious of all safety awards in the mining industry in Canada, recognizes the New Brunswick Division for working throughout 2005 without a single modified-work or lost-time accident.

We are proud of what the company and its employees have accomplished over the past few years and our role in guiding that achievement. We are confident the sustainability initiatives we have taken provide the foundation for steady and focused progress for many years to come.



PotashCorp Sustainability Committee >

James F. Dietz
Executive Vice President and
Chief Operating Officer (COO)



Betty-Ann Heggie
Senior Vice President,
Corporate Relations



John R. Hunt
Vice President, Safety,
Health and Environment



Barbara Jane Irwin
Senior Vice President,
Administration

potashcorp

organizational profile

POTASHCORP* is the world's largest fertilizer enterprise by capacity, producing potash, nitrogen and phosphate products — the three primary plant nutrients.



Potash

- 1 Allan SK
- 2 Cory SK
- 3 Esterhazy SK¹
- 4 Lanigan SK
- 5 Patience Lake SK
- 6 Rocanville SK
- 7 New Brunswick NB

Phosphate

- 1 Aurora NC
- 2 Fosfatos do Brasil
- 3 Geismar LA
- 4 Joplin MO
- 5 Marseilles IL
- 6 Weeping Water NE
- 7 White Springs FL

Nitrogen

- 1 Augusta GA
- 2 Geismar LA
- 3 Lima OH
- 4 Memphis TN
- 5 Trinidad

Investments

- 1 Arab Potash Company (APC), Jordan (28%)
- 2 Israel Chemicals Ltd. (ICL), Israel (10%)
- 3 Sociedad Quimica y Minera de Chile S.A. (SQM), Chile (25%)
- 4 Sinochem Hong Kong Holdings Limited (Sinofert), China (20%)

¹ PotashCorp's mineral rights at Esterhazy are mined by Mosaic Potash Esterhazy Limited Partnership under a long-term agreement.

OVERVIEW

It is the world's largest potash company, with 22% of the world's overall capacity. It is also the world's third-largest phosphate producer and fourth-largest nitrogen producer.

The company's products are used by fertilizer, feed and industrial customers on six continents.

PotashCorp has its head office in Saskatoon, Saskatchewan, and a major corporate office in Northbrook, Illinois. It also has production facilities in four countries.

LEGAL FORM AND OWNERSHIP

PCS Inc. is a publicly traded Canadian corporation (organized under the Canada Business Corporations Act) with all shares listed and traded on the Toronto and New York stock exchanges (symbol POT).

The company had 103.6 million common shares outstanding at the end of 2005. Ownership is widespread among institutional and retail shareholders primarily in Canada and the United States, but also in Europe.

BUSINESS SEGMENTS AND OPERATIONS

The company has three reportable business segments: potash, nitrogen and phosphate.

In 2005, PotashCorp had potash operations in Canada; phosphate operations in the United States and Brazil; and nitrogen operations in the United States and Trinidad.

PRODUCTION

PotashCorp produces most of the products it sells. It does not use outsourcing as a production strategy.

Potash Operations

The company's potash operations include the mining and production of potash, which is predominantly used as fertilizer. In 2005, potash production from all operations consisted of 8.8 million tonnes of potash (KCl), representing 47% of North American production. PotashCorp's present annual potash capacity is approximately 12.9 million tonnes KCl.

Phosphate Operations

PotashCorp mines phosphate rock and manufactures phosphoric acid, solid and liquid fertilizers, animal feed supplements and industrial phosphoric acid — mainly purified phosphoric acid — which is used in food products and industrial processes. In 2005, the company produced 7.6 million tonnes of phosphate rock and 2.1 million tonnes of phosphoric acid.

Nitrogen Operations

PotashCorp's nitrogen operations include production of nitrogen fertilizers for agricultural purposes and, most significantly, nitrogen products for the stable industrial market.

Unlike potash and phosphate, nitrogen is not mined. It is extracted from the air and reacted with a hydrogen source, usually natural gas

POTASHCORP PRODUCTION ASSETS IN 2005	
Potash	
> Five mines and mills, and mining rights to potash reserves at a sixth location, all in Saskatchewan	
> One mine and mill in New Brunswick	
Phosphate	
> A mine and processing plant in North Carolina	
> A mine and two processing plants in Florida	
> A processing plant in Louisiana	
> Phosphate feed plants in five US states and one in Brazil	
> Two industrial phosphoric acid plants in North Carolina and Ohio	
Nitrogen	
> Four plants in the states of Georgia, Louisiana, Ohio and Tennessee	
> One urea and four ammonia plants in Trinidad	
Source: PotashCorp	

POTASHCORP'S 10 LARGEST SUPPLIERS IN 2005*	
Supplier	Product(s)
Natural Gas Company of Trinidad	Natural gas
CN Railway Company	Rail transportation
Progress Energy	Electricity
Office Cherifien des Phosphates (OCP)	Phosphate rock
Sequent Energy Management LLC	Natural gas
Overseas Marine Services	Ocean transport
Koch Nitrogen	Nitrogen products
Norfolk Southern Railway	Rail transportation
Transammonia Inc.	Ammonia and sulfur
BG LNG Services	Natural gas
*Based on dollar value	
Source: PotashCorp	

reformed with steam, to produce ammonia. The company can produce ammonia at all of its US nitrogen plants and in Trinidad. The ammonia is used to produce a full line of upgraded nitrogen products, including urea, nitrogen solutions, ammonium nitrate and nitric acid. Ammonia, urea and nitrogen solutions are sold as fertilizers to agricultural customers and to industrial customers for various applications, while nitric acid and ammonium nitrate are sold to industrial customers. Urea is also sold for animal feed applications.

SUPPLIERS

Production feedstocks, such as natural gas and sulfur, account for the major part of PotashCorp's annual procurement. Other significant goods, services and materials purchased include rail and ocean freight services, electricity, materials for maintenance and repair, and contract services.

The total value of goods, materials and services purchased by PotashCorp in 2005 was just over \$2.2 billion. These are provided by over 370 key suppliers, located mainly in the United States, Canada and Trinidad.

GEOGRAPHIC BREAKDOWN OF MARKETS BY VOLUME

	2003	2004	2005
Potash	35% to United States 6% to Canada 59% to other countries	35% to United States 4% to Canada 61% to other countries	34% to United States 5% to Canada 61% to other countries
Phosphate	75% to United States 9% to Canada 16% to other countries	65% to United States 8% to Canada 27% to other countries	63% to United States 7% to Canada 30% to other countries
Nitrogen	94% to United States 1% to Canada 5% to other countries	93% to United States 0.2% to Canada 6.8% to other countries	93% to United States 1% to Canada 6% to other countries

Source: PotashCorp

POTASHCORP'S CONSOLIDATED FINANCIAL POSITION

\$ millions

	Dec 31, 2004	Dec 31, 2005
Current assets	1,244	1,111
Property, plant and equipment	3,099	3,263
All other assets	784	984
Total Assets	5,127	5,358
Current liabilities	704	1,096
Long-term debt	1,259	1,258
Future income tax liability	499	543
Pension and post-retirement	193	214
All other liabilities	86	114
Total Liabilities	2,741	3,225
Share capital	1,408	1,379
Contributed surplus	276	36
Retained earnings	702	717
Shareholders' Equity	2,386	2,133

Source: PotashCorp

INVESTMENTS

The company's major investments are in publicly traded companies focused in potash and include a 28% interest in Arab Potash Company (APC) in Jordan; a 25% interest in Sociedad Quimica y Minera de Chile S.A. (SQM) in Chile, which produces upgraded specialty potash products; and a 10% interest in Israel Chemicals Ltd. (ICL) in Israel, another leading low-cost potash producer. PotashCorp

also recently purchased a 20% share of Sinochem Hong Kong Holdings Limited (Sinofert), a vertically-integrated fertilizer company in China.

SALES AND MARKETS

Sales

In 2005, PotashCorp sold products worth over \$3.5 billion, an increase of 67% since 2001. The growth over this period is primarily the result of higher sales volumes and prices of high-margin potash products, supplemented by

higher prices for nitrogen products and non-commodity phosphates.

Sectors Served

PotashCorp's products serve three different market sectors:

- > Fertilizer, which involves the nutrients potash, nitrogen and phosphate;
- > Animal feed supplements, mostly phosphate; and
- > Industrial, mainly nitrogen products for industry and purified acid in phosphate.

Fertilizer is the most important business, and over the last three years has made up 60% of net sales and produced 69% of gross margin. Potash, the core nutrient in the company's long-term strategy, is the most significant part of the fertilizer business, producing 83% of its gross margin over the same period.

Markets

On a company-wide basis, North American markets account for the bulk of PotashCorp's sales volumes. In 2005, 94% of PotashCorp's nitrogen sales, 70% of phosphate sales and 39% of potash sales were made within North America.

Offshore markets are growing rapidly, driven primarily by growth in potash. Nearly two-thirds of the company's potash production goes to offshore markets, with China, Brazil and India being the largest buyers. Additionally, offshore markets account for 30% of PotashCorp's phosphate sales. Offshore sales of nitrogen products were 6%.

Customers

PotashCorp has a diversified customer base. In potash, Canpotex Limited (Canpotex), the offshore marketing company owned by the three Saskatchewan producers, handles all sales of Saskatchewan potash destined

for offshore markets. Apart from sales through Canpotex, no one customer accounted for more than 10% of PotashCorp's sales in 2005.

In North America, PotashCorp sells all three nutrient fertilizers to retailers, cooperatives and distributors that provide storage and application services to farmers, the end users. Offshore customers are governments and private importers that tend to buy under contract, while spot sales are more prevalent in North America.

Nitrogen and phosphate are important to industry as inputs for a wide range of products. Industrial customers for nitrogen products and phosphoric acid, including purified acid, are based in the United States, and the company enjoys long-term relationships with them. They include industrial intermediate and product manufacturers such as BASF and DSM in nitrogen and ICL and Innophos in phosphate. Offshore growth in industrial products that require nitrogen and phosphate inputs is being driven by rising incomes in fast-growing nations.

Sales of animal feed products have significantly less seasonality and cyclicity than fertilizer sales. US bulk feed producers are the main feed customers, and their relatively close proximity to the company's plants is an advantage. Brazil and Mexico are the largest offshore customers for animal feed products.

EMPLOYMENT

PotashCorp has about 4,900 regular employees in four countries. More than half of this workforce is in the United States (53%), followed by Canada (37%), Trinidad (8%) and Brazil (2%). In 2005, there were also four employees working at APC in Jordan.

In addition, 772 contract employees provided services to PotashCorp in 2005, primarily at its US nitrogen and phosphate operations

CAPITALIZATION

Debt

At the end of 2005, PotashCorp had total debt of \$1.5 billion. Most of this was in the form of long-term debt.

Equity

PotashCorp had 103,593,792 common shares issued and outstanding at December 31, 2005. Shareholders' equity totaled \$2.1 billion.

ASSETS AND LIABILITIES

At the end of 2005, the book value of PotashCorp's assets was \$5.4 billion. Most of this was accounted for by current assets of \$1.1 billion (primarily inventories and accounts receivable) and property, plant and equipment of \$3.3 billion. The company's investments in offshore potash companies account for the bulk of other assets.

Corporate liabilities totaled \$3.2 billion. Short-term liabilities (short-term debt and accounts payable) amounted to \$1.1 billion of this. Other major items were long-term debt of \$1.3 billion, future income tax liability of \$543.3 million and accrued pension and other post-retirement benefits of \$213.9 million.

Shareholders' equity at the end of 2005 was \$2.1 billion. This line item was impacted in 2005 by the authorization and completion of PotashCorp's share repurchase program, which saw the company purchase and cancel 9.5 million of its common shares for a cost of \$851.9 million. The repurchase resulted in a reduction of share capital, contributed surplus and retained earnings of \$125.1 million, \$264.3 million and \$462.5 million, respectively.

EMPLOYMENT BY COUNTRY

	2001	2002	2003	2004	2005
United States	2,705	2,823	2,641	2,670	2,589
Canada	1,654	1,687	1,693	1,754	1,791
Trinidad	336	397	395	395	406
Chile*	220	218	99	8	0
Brazil	82	74	76	79	93
Total Employees	4,997	5,199	4,904	4,906	4,879

*In December 2004, PotashCorp concluded the sale of 100% of its shares of PCS Yumbes to SQM.
Source: PotashCorp

CAPITAL STRUCTURE

\$ millions, except as noted

	Dec 31, 2004	Dec 31, 2005
Short-term debt	93.5	252.2
Current portion of long-term debt	10.3	1.2
Long-term debt	1,258.6	1,257.6
Total debt	1,362.4	1,511.0
Shareholders' equity	2,385.6	2,132.5
Total debt to capital	36%	41%
Fixed rate debt as % of total indebtedness	92%	83%
Common shares outstanding (#)	110,630,503	103,593,792
Stock options outstanding (#)	6,400,730	5,081,756
Dividend payout ratio	20%	12%

Source: PotashCorp

sustainability

goals and targets

We believe accountability means more than simply reporting our performance. Here we establish our sustainability goals and targets for 2006. Our performance against 2005 targets is set forth within the individual performance sections of this document.

GOVERNANCE GOALS AND TARGETS

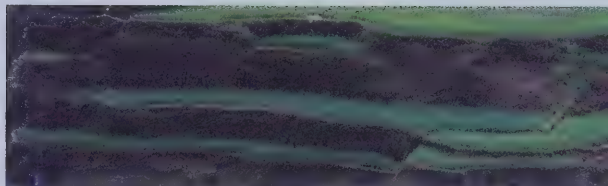
Goals	2006 Targets
To be a leader in corporate governance.	1. Remain in the top quartile of governance practices as measured by external reviews.
To ensure board level oversight of all key sustainability initiatives.	1. The board and responsible committees will review the company's sustainability performance against the Corporate Sustainability Assessment criteria adopted by the Dow Jones Sustainability Index.
To have effective stakeholder engagement processes.	1. Continue to survey annually each of our major stakeholder groups and report the results to the board.
Refine corporate management systems to achieve sustainability goals.	1. Ensure that all sites develop sustainability plans that include SHE, diversity, energy, community, training and local sourcing goals. 2. PotashCorp's Enterprise Risk Management Committee will assess the strategic and potential financial impacts of climate change and future GHG regulations for PotashCorp and develop appropriate strategies. 3. Designate a corporate executive to focus on the objectives and specific projects identified by the Sustainability Committee.

ECONOMIC GOALS AND TARGETS

Goals	2006 Targets
To meet customer needs and expectations.	1. Continue conducting annual surveys to monitor customer attitudes about quality and service. [ongoing target] 2. Outperform competitors on quality and service as measured by customer surveys. [ongoing target]
To ensure that employees share in the company's economic success.	1. Increase the percentage of employees eligible to participate in annual short term incentive bonus program from 4% of the workforce to 30%.
To promote sustainability by leveraging supplier relationships.	1. Ensure that all suppliers and contractors meet our Safety, Health and Environment (SHE) expectations.
To meet the needs and expectations of our providers of capital.	1. Exceed total shareholder return performance for our sector and companies on the Dow Jones U.S. Basic Materials Index (DJUSBM) for 2006. 2. Carry a higher multiple than the average of other fertilizer companies on both earnings and cash flow.
To improve the socio-economic well-being of our communities.	1. Continue to identify opportunities for more local sourcing at each site. 2. Continue process of engagement with Aboriginal representatives in Saskatchewan to address job opportunities and skill requirements.



See measures of PotashCorp's 2005 performance based on Global Reporting Initiative (G3) indicators at www.potashcorp.com/2005SR/GRI.



SOCIAL GOALS AND TARGETS

Goals	2006 Targets
To have motivated and productive employees committed to our long-term goals.	1. Fill at least 75% of senior staff openings with internal candidates. 2. Maintain or improve employee engagement levels as measured by employee engagement survey. 3. Integrate sustainability issues into recruitment, training and employee communications. Focus for 2006 will be training. 4. Decrease rate of employee turnover at Trinidad operations. 5. Develop a company-wide policy that addresses diversity in the workplace. 6. Strengthen existing policies and programs as needed to address issues related to employees with chronic and life-threatening illnesses. 7. Provide diversity education to employees by participation in a training module.
To promote sustainability through the supply chain management process.	1. Complete review of human rights policies and performance by all of PotashCorp's key vendors.
To strengthen relationships with our communities.	1. Continue to be engaged with community support projects at each of our plants and offices. 2. Achieve a 10% increase in individual participation in the matching gift program and a 20% increase in total donations. 3. Provide a site-specific sustainability report to each of our host communities. 4. Continue to survey community leaders and implement appropriate responses to survey results. 5. Formalize corporate-donations guidelines with a written policy and post it on the company's website.

SHE GOALS AND TARGETS

Goals	2006 Targets
To have no harm to people, no accidents and no damage to the environment.	1. Reduce recordable and lost-time injury rates by 30% from 2005 levels. 2. Initiate a program for review of contractors' safety performance for use as a priority selection criterion, and that ensures appropriate safety monitoring is provided based upon historical safety performance. 3. Reduce reportable releases and permit excursions by 30% from 2005 levels. 4. Achieve 100% compliance on all environmental, safety and security audit action items. 5. Improve carbon-based energy efficiency in Trinidad by 10% from 2005. 6. Further develop the company's biodiversity programs at operating sites.



GOVERNANCE

governance

commitments and engagement

TO BE SUSTAINABLE, a company must clearly define board and management roles and responsibilities and its relationships with stakeholders. Recognized for leadership in governance, PotashCorp is committed to remaining a leader.

Governance and Sustainability

For PotashCorp, governance, value creation and sustainability entwine intimately. Governance deals with roles

and relationships among management, boards, shareholders and other stakeholders. Good governance recognizes that a successful business must respond to stakeholder interests. When governance fails, the

repercussions hit a wide range of stakeholders, including shareholders.

To be sustainable, a company must clearly define board and management roles and responsibilities and its relationships with stakeholders. Recognized for leadership in governance, PotashCorp is committed to remaining a leader.

The company continues to strengthen its corporate framework for implementing its commitment to sustainability and managing its sustainability performance. Its governance practices, management systems and efforts to engage stakeholders are designed to embed sustainability within the company. PotashCorp continues to receive awards for its governance and reporting.

GOVERNANCE AND SUSTAINABILITY AWARDS

2005

- > Canadian Institute of Chartered Accountants (CICA) presented PotashCorp with its 2005 Award of Excellence for Corporate Reporting. This is the second successive year PotashCorp has won this award.
- > CICA also awarded the company four other corporate reporting awards, including top honors for best financial reporting.
- > PotashCorp's corporate governance practices were ranked in the top 10% of leading Canadian companies evaluated by *Report on Business Magazine*.
- > The company was named one of Canada's 50 Best Corporate Citizens of 2005 by *Corporate Knights* magazine and certified as a "valued member" of the FTSE4Good Index Series.

GOALS AND PERFORMANCE

PotashCorp sets long-term governance goals and annual targets. The table at right illustrates that most of the governance targets set for 2005 were achieved.

THE BOARD OF DIRECTORS

Role of the Board

The Board of Directors oversees the management of PotashCorp's global business, including its commitment to sustainability. It has the authority and obligation to protect and enhance company assets in the interests of shareholders.

In pursuing the company's best interests, the board considers employees, customers, investors, suppliers and the communities and environment where PotashCorp does business, recognizing that each is essential to success.

The board has adopted comprehensive governance principles that address such issues as board independence and integrity, functions, selection and composition, and committees. A charter sets out its responsibilities and the limits to management's responsibilities. The board is charged with:

- > Ongoing oversight and approval of the company's business strategy
- > Appointment of the Chief Executive Officer and monitoring his or her performance
- > Appointing corporate officers
- > Establishing standards for management and monitoring performance
- > Approving procedures for strategy implementation; overseeing the identification and management of

GOVERNANCE GOALS AND PERFORMANCE

2005 Targets

2005 Results

● Achieved ● Partially Achieved ○ Not Achieved

Goal: To be a leader in corporate governance.

- | | |
|---|--|
| 1. The Board of Directors will set for itself key sustainability targets. | ● The mandate of the corporate governance committee was expanded to include review of sustainability issues that are not addressed by other committees. These include social issues, such as philanthropy and human rights issues, and certain economic issues involving stakeholder relationships with customers and investors. |
| 2. Establish procedures for board review of compliance with commitments made to stakeholders. | ● The board's various committees have established procedures to track the company's compliance with commitments made to stakeholders. |
| 3. Begin a formal board education process that will include crisis communications training. | ● The board undertook a crisis communication drill in 2005. |
| 4. Present results of key stakeholder surveys to the board. | ● The Senior Vice President of Corporate Relations makes an annual presentation to the full board on stakeholder engagement, including the results of surveys and research regarding the satisfaction and attitudes toward the corporation of customers, investors, community leaders and media. |
| 5. Remain in the top quartile of governance practices, as measured by external reviews. | ● PotashCorp's governance practices were ranked in the top 10% of 209 S&P/TSX companies evaluated by <i>Report on Business Magazine</i> . |

Goal: To have effective stakeholder engagement processes.

- | | |
|--|--|
| 1. Continue to survey each of our key stakeholder groups annually. | ● All key stakeholder groups were surveyed in 2005 (i.e., customers, investors, employees, host communities). In addition, an evaluation was undertaken of how PotashCorp was reported on by the news media. |
| 2. Each PotashCorp production facility will participate in at least one community meeting during the year. | ● This was accomplished at every site. Most PotashCorp locations participated in multiple community meetings. |

Goal: Refine corporate management systems to achieve sustainability goals.

- | | |
|---|---|
| 1. Develop a common set of sustainability expectations for all divisions and sites. | ● Sustainability expectations are being integrated into the Key Performance Indicators (KPI) process. |
| 2. Develop a consolidated database on all PotashCorp policies, along with appropriate communications and educational materials for employees. | ● This was partially completed in 2005 and should be completed in 2006. |
| 3. Begin developing site-specific sustainability plans that include SHE, social, energy, community, training and local sourcing goals. | ● This process is underway. Operating sites have set targets in a number of areas of sustainability (such as SHE, energy and community). This initiative is continuing in 2006. |

risks; ensuring the integrity of internal control and management information systems; monitoring compliance with internal policies and procedures, external legal requirements and high ethical and moral standards

- > Accurately reporting business performance to current and prospective shareholders.

The complete text of PotashCorp's Governance Principles, Board Charter and other governance policies can be found on the company's website, www.potashcorp.com.

Board Responsibility for Sustainability

Board committees are responsible for sustainability issues in their areas of oversight, ensuring that all aspects of sustainability are addressed on an ongoing basis.

- > The compensation committee annually reviews the CEO's performance against established goals and objectives, some of which relate to sustainability performance (including improvements in safety, fostering a culture of integrity and social responsibility, and providing leadership for the company with stakeholder groups).
- > The audit committee helps the board fulfill its oversight responsibilities for the integrity of PotashCorp's financial statements and compliance with legal requirements and ethical issues. It also oversees the company's major policies on risk assessment and risk management.
- > The safety, health and environment committee's mandate is to review and, as appropriate, recommend changes to the company's safety, health, environmental and security policies as well as monitor

compliance with them and applicable legislation and regulations.

- > The corporate governance committee recommends to the Board of Directors corporate governance principles for the company. It reviews sustainability issues not addressed by other committees (such as the safety, health and environment committee). These include social issues, such as philanthropy, human rights issues and policies, and certain economic issues involving stakeholder relationships with customers and investors.



See more Sustainability Initiatives of the board at www.potashcorp.com/2005SR/governance.

Processes for Board Oversight of PotashCorp's Sustainability Performance

The board addresses aspects of sustainability at every meeting, or a minimum of eight times per year. Some meetings include special sessions to deal with specific topics. In 2005, there were special sessions on strategy and risk management.

Board Composition

PotashCorp's board has 12 members, residents of Canada, the United States and the Dominican Republic. Women comprise 25%. *See chart below.*

Board Independence

Other than the CEO and one outside director, all board members are independent directors. The board has adopted categorical independence standards modeled after New York Stock Exchange rules. An affirmative determination of the independence of each director or nominee is made in accordance with those standards. The basis for such determination is disclosed in the annual proxy circular.

Expertise

Although directors may be elected to bring special expertise or a point of view to board deliberations, they are not chosen to represent a particular constituency. The best interests of the company and its shareholders are always paramount.

Directors receive training to fulfill their obligations. The board adopted a *New Director Orientation Policy* designed to provide each new director with a baseline of knowledge about PotashCorp that will serve as a basis for informed decision-making. To facilitate ongoing director education, the company conducts one in-house board training session annually. In addition, the company will fund each director's attendance at one seminar or conference of interest and relevance

DIVERSITY OF POTASHCORP'S BOARD OF DIRECTORS

	2003	2004	2005
% board members who are female	25	25	25
% board members from minority groups	8	8	8
% board members age 30 - 50	8	8	8
% board members over age 50	92	92	92

Source: PotashCorp

each year, and each committee Chair at one additional seminar or conference.

The board's knowledge and skills were further enhanced in 2005 with regular updates on governance best practices. The board also participated in a crisis communications drill to gauge its ability to respond to a significant threat to the company.

Mechanisms to Provide Recommendations to Board

The board has established procedures for shareholders or other interested parties who wish to communicate with it, in writing or by e-mail. Matters relating to accounting, internal accounting controls or auditing matters will be referred to the audit committee. Other matters will be referred to the board Chair. The board also has established procedures for employees' confidential, anonymous submission of concerns regarding questionable accounting or auditing matters. In addition, it has published a procedure for shareholders to suggest nominees for election to the board.

Sustainability Issues Raised by Shareholders and Employees

Issues related to economic, environmental and social performance raised with the board by shareholders in 2005 included recommendations that the board adopt policies on biodiversity, HIV/AIDS and the election of directors by majority vote.

One institutional investor informed the board that it withheld votes from some directors because, in its view, they lacked independence and served on key committees. This investor considered several directors not to be independent solely because their length of service exceeded 10 years. This prompted a thorough consideration of the issue of term limits by the board. It was determined that the company's

experienced directors have the confidence and institutional knowledge necessary to articulate competing points of view and to challenge management, especially in the area of strategy. As a result, the board will continue to rely on its evaluation process rather than arbitrary term limits.

Processes to Avoid Conflicts of Interest

The board has a comprehensive process for determining director independence. Only independent directors serve on key committees. Any matter involving a director is acted upon only after full disclosure of the facts and without the participation or attendance of the affected director.

Processes for Evaluating the Board's Performance

The board has an evaluation process for determining the effectiveness of individual directors and committees.

It includes:

- > Annual board assessment by all directors
- > Annual assessment of each committee by members of that committee
- > Annual assessment of the board Chair by members of the board
- > Annual assessment of each committee Chair by members of each committee
- > Annual assessment of individual directors by the Chair with input from the other directors.

LINKAGE BETWEEN COMPENSATION AND PERFORMANCE

The board believes that the economic interests of directors should be aligned with those of shareholders. To achieve this, all directors are expected to hold shares and/or deferred share units in the company.

The CEO's annual salary is determined primarily on the basis of his or her individual performance and the performance of the company. The board's compensation committee considers all factors it deems relevant, including PotashCorp's financial results, corporate governance, sustainability goals and the CEO's individual performance relative to written objectives established at the beginning of each year. The goals and related achievements are set out in the annual proxy circular.

The company believes that aligning compensation with performance is in the best interests of all stakeholders. It places significant emphasis on pay-for-performance, with "at risk" components of total compensation linked to the enhancement of cash flow return and total shareholder return. The more senior the management position, the greater the proportion of compensation that is "at risk."

CODES AND POLICIES

PotashCorp has embedded sustainability considerations into its corporate vision, which states that the company constantly links its financial performance with areas of extended responsibility — the environment, its economic and social stakeholders, and all who depend on it.

This vision is supported by its core values of safety, integrity, listening, sharing, accountability and continuous improvement.

The company's sustainability commitment is supported by codes and policies that apply to all its operations.

- > Its *Code of Business Conduct* contains many of the company's commitments to integrity, sustainability, and respect for human rights and the rule of law.

POTASHCORP'S COMMITMENT TO SUSTAINABILITY

Our Sustainability Vision

In pursuing the best interests of the company, we consider our impact on investors, customers, employees, suppliers and the communities and environment where we do business. All are essential to PotashCorp's long-term success.

Our Sustainability Commitments

Health and Safety	Our goal is no harm to people, no accidents.
Integrity	We operate with integrity and respect for human rights and the rule of law.
Governance	We are committed to being a leader in corporate governance, recognizing that it is the cornerstone of a sustainable organization.
Financial Performance	We will manage our financial performance to maximize long-term value for shareholders.
Environmental Responsibility	Our goal is no damage to the environment.
Energy	We will use energy efficiently and constantly strive to improve.
Employees	We are committed to respect for human dignity and fairness in the workplace.
Stakeholder Engagement	We listen to all stakeholders.
Community Development	One measure of our success is the economic activity we generate in the communities where we operate.
Customers and Business Partners	We work to create mutual advantage in all our relationships.

> Its *Safety, Health and Environmental Policy* provides a framework for continuous improvement in safety performance through the involvement of every employee.

It also commits PotashCorp to drive down the environmental and health impact of its operations by reducing waste, emissions and discharges and using energy efficiently. In addition, it requires the company to produce quality products that can be used safely.

> The *Respect in the Workplace Policy* forbids any unwelcome conduct or harassment in the workplace based on an individual's race, color, religion, gender, national origin, age, disability or sexual orientation.

> A comprehensive *Purchasing Policy* links procurement to sustainability considerations, such as implications for local community development and the safety, health and environmental performance of the supplier.

The sustainability elements in these codes and policies have been integrated into PotashCorp's *Commitment to Sustainability*. See the *Commitment to Sustainability chart* above.

RISK MANAGEMENT

Risk management is an important element of sustainability. A company is only as sustainable as its ability to withstand events that challenge its prosperity.

PotashCorp has adopted a risk management framework that identifies potential events that could have adverse effects. Risk events are managed to provide reasonable assurance they will not prevent the company from achieving its goals and objectives. Risks are assessed by identifying, measuring and prioritizing them, based on their estimated likelihood and severity of loss.

PotashCorp has identified six major categories of risks: market/business, distribution, operational, financial/information technology, regulatory and integrity/empowerment. Together or separately, these could threaten the company's strategies and affect its ability to take advantage of opportunities to maximize stakeholder returns.

Management reports annually to the board on the risks the company faces, the risk response options and how risks are being managed.

Each year, management re-evaluates the risks identified in previous years as well as the potential of new risks. It then identifies the most significant new or elevated risks to company strategy resulting from changes in operations or external factors.



See PotashCorp's risk mitigation response at www.potashcorp.com/2005SR/governance.

EXTERNAL COMMITMENTS

Precautionary Approach

The company sees the key element of the precautionary approach as prevention rather than cure. It is more cost-effective to act early to ensure that irreversible environmental or social damage does not occur. Products are assessed for safety, health and environmental hazards and risks prior to marketing and distribution.

- > New products are assessed for safety, health and environmental hazards and risks associated with normal use and foreseeable misuse.
- > All manufactured and rebranded products are periodically reassessed, including review of any adverse effects experienced in handling.
- > Up-to-date information on safety, health and environmental risks associated with the use, storage, handling, transport and disposal of products is available to the workforce, customers and others. Material Safety Data Sheets (MSDS), labels and other information are developed and issued to handlers and users in accordance with legislative, regulatory and customer requirements, and as information changes. MSDS are updated on a formal, routine basis to ensure they are current. These documents are available on the company's website.

PotashCorp is part of a fertilizer industry task force addressing the illicit use of anhydrous ammonia to make methamphetamine.

In 2004, the company permanently stopped producing agricultural-grade ammonium nitrate due to risks of its illegal conversion to an explosive material.

Voluntary Standards

PotashCorp adheres to a variety of voluntary codes.

- > Its Lima and Augusta facilities are ISO 9001 certified to quality management standards because they serve industrial customers.
- > PotashCorp worked with The Fertilizer Institute to establish a *Security Code of Management Practices* and adopted this risk-based approach to identify, assess and address security vulnerabilities.

POTASHCORP'S MEMBERSHIP IN INDUSTRY AND TRADE ASSOCIATIONS

- | | |
|--|--|
| > The Conference Board | > Saskatchewan Mining Association |
| > The Corporate Leadership Council | > New Brunswick Mining Association |
| > National Association of Corporate Directors (US) | > Point Lisas (Trinidad) Energy Association |
| > Institute of Corporate Directors (Canada) | > Trinidad and Tobago Chamber of Industry and Commerce |
| > American Society of Safety Engineers | > Council for Sustainable Florida |
| > The Fertilizer Institute (US) | > Florida Minerals and Chemical Council |
| > Canadian Chamber of Commerce | > Florida Audubon Society |
| > Canadian Fertilizer Institute | > Louisiana Chemical Association |
| > Canadian Business for Social Responsibility | > Process Gas Consumers Group |
| > The Heartland Institute | > The Fluid Fertilizer Foundation |
| > International Fertilizer Industry Association | > Canadian Industrial Transportation Association |
| > Potash & Phosphate Institute | > National Industrial Transportation League (US) |
| > International Feed Industry Federation | > The Executives' Club of Chicago |
| > Saskatchewan Potash Producers Association | |

Source: PotashCorp

- > The company's Lima and Aurora facilities are Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP) Star Sites. Approval into OSHA's VPP is the "official recognition of the outstanding efforts of employers and employees who have achieved exemplary occupational safety and health."

- > All of the company's feed plants have obtained certification under the Safe Feed/Safe Food guidelines of the American Feed Industry Association.

Memberships in Business and Industry Associations

Through membership in industry and lobbying associations, PotashCorp actively supports political and public policy advocacy efforts. *See Membership chart above.*

STAKEHOLDER ENGAGEMENT

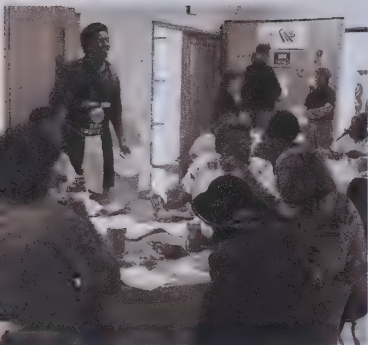
PotashCorp recognizes that stakeholder engagement is a key performance driver for the company and that it must have the confidence of its employees, customers, investors, suppliers and communities to deliver long-term results.

Major Stakeholders

Major stakeholders are those essential to a successful business, including employees, customers, investors, suppliers, regulators and communities where PotashCorp operates.

Approaches to Consultation

One of PotashCorp's core values is that it listens to all stakeholders, through customer and investor surveys, meetings with investors, employee and union consultation, community meetings, political engagement and responds to critics.



EXAMPLES OF DIALOGUE WITH

key stakeholders

These examples illustrate company interaction with key stakeholder groups and how the information gleaned has shaped corporate decisions.

CUSTOMERS

PotashCorp surveys customers annually to gauge their satisfaction with the company at every point of contact and compared with competitors. These extensive surveys provide valuable information on how to better meet customer needs. The company has responded in several ways.

- > Customers expressed concern about reliability of product supply. PotashCorp responded with major production expansions in potash, nitrogen and purified phosphoric acid; expansion of its hopper car fleet to improve distribution capabilities; and increased customer communications to better understand customers' current and future needs.
- > The survey identified a desire for more market information specific to each key customer group. As a result, the company increased the frequency of its newsletters to these targeted customer audiences and added a full page of market-specific trends and analysis. Customers are referred to a larger *Market Analysis Report* posted on PotashCorp's website.

- > Given the importance of product quality and service, one of PotashCorp's ongoing goals is to continually outperform competitors in these two areas as measured by customer surveys. The 2005 survey showed that it outperformed the industry average for quality and service in all key product categories. It also remained the preferred supplier in all product categories: fertilizer, feed, industrial nitrogen and purified phosphates.

INVESTORS

The company engages with investors through one-on-one meetings, analyst conferences and conference calls. The ongoing feedback is important in decision-making. In 2005, PotashCorp was very active with the investment community. It hosted 122 one-on-one meetings, gave 14 group presentations (several of them webcast), and held four conference calls to discuss results, with an average of 145 participants per call. Feedback is ongoing and is an important factor in decision-making.

A broad range of issues was discussed during these engagements. Primary concerns included the impact

Above: Employees of PotashCorp's Augusta, Georgia nitrogen facility welcome their neighbors to tour the plant during its 2005 Open House.

of planned expansions in global potash supply; whether demand would be affected by fertilizer price increases; the impact of reduced potash imports by Brazil; and how PotashCorp planned to use its substantial cash flow. Most were addressed directly in meetings and presentations. In response to concerns over global potash supply expansions, the company hosted an analyst meeting in Saskatoon attended by 39 buy-side and sell-side analysts/investors. The meeting also included a tour of the Lanigan potash mine.

The company assesses the opinions of investors through an annual survey of buy-side and sell-side analysts. In 2005, investors said they recognized the value potential of PotashCorp's potash operations, rating them as excellent and far surpassing the value potential of its nitrogen and phosphate operations. This was supported by responses to follow-up questions about the preferred use of the company's cash flow. Investors showed a clear preference for spending in the potash business, including bringing back capacity and making selective acquisitions. PotashCorp responded by sticking to its Potash First strategy, which is viewed as the key driver of future growth. In 2005, \$103 million was invested to bring potash capacity into production, \$191 million in potash opportunities offshore and 9.5 million common shares were repurchased at a cost of \$851.9 million.

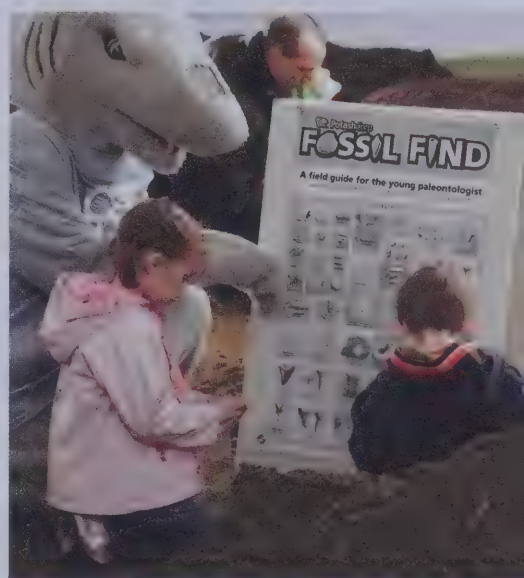
COMMUNITIES

PotashCorp interacts broadly with its headquarters and production site communities, participating on community advisory panels, hosting meetings with neighbors and surveying residents in host communities.

During 2005, PotashCorp participated in or conducted nearly 60 community meetings. These promote healthy dialogue and help the company to better understand and respond to stakeholder concerns. For example:

- > In response to concerns about excessive noise from the Aurora DFP plant, a scrubber stack silencer was installed in 2004. Surveys in 2005 confirmed that the silencer is operating to the satisfaction of local residents. Residents near Aurora were also concerned about freight trains that blocked a highway at the entrance to the site. Discussions were held with neighbors and meetings conducted with the railroad to try to alleviate the problem. A system is now in place for affected residents to report blockages that last for more than 15 minutes.
- > At the New Brunswick site, water well problems are still being experienced by some households in Penobsquis. While an investigation into the cause of the problems has proved inconclusive, the company has continued to provide drinking water to those residents experiencing problems. The provincial government has installed water tanks in those households and is delivering bulk water. The company continues to work on a water committee with provincial and municipal government representatives as they seek to develop a regional water supply model.

- > Community concerns in New Brunswick related to the increase in the number of trucks hauling brine on a local highway and the implications for highway safety. The General Manager explained that a program was underway to retrofit the trucks with speed monitoring systems and that braking systems and other safety issues were monitored through the truck maintenance program. A contact person from the site was assigned for follow-up on these issues.



Our Saskatoon, Saskatchewan headquarters hosts area children at its second annual fossil dig. Fossil-rich earth from our Aurora, North Carolina phosphate mining operation is shipped to Saskatoon for the event.



Our Chief Agronomist, Dr. Kim Polizotto, teaches a soil science class at the Chicago Botanic Garden in Northbrook, Illinois.

> Community concerns at PotashCorp's Trinidad operations focused on the need for a community emergency notification system and on improving job opportunities for local residents. With respect to emergency notification, the site provided community representatives with detailed information on existing measures, the plan to conduct a community risk assessment in 2006, and plans to stage a full-scale emergency management exercise involving all community stakeholders. The site also explained its approach to local employment, which involves targeting local people for full-time and temporary job opportunities, creating indirect job opportunities by purchasing goods and services from neighboring suppliers, and providing on-the-job work experience for local university students.

The 2005 community survey conducted in Aurora revealed a strong base of support for the site. On average, 90% of respondents provided positive feedback on PotashCorp's economic, employment and social performance. Area residents view Aurora as important to the local economy (97% of respondents), a strong community supporter (89%) and a good employer (85%). Subsequent community surveys will take place in Augusta, Rocanville, Trinidad, White Springs and Lanigan.

The company works hard to earn and maintain these levels of community support at all sites, recognizing that it can be invaluable in obtaining permits required for continued operations and the expansion of facilities.

In 2005, site-specific sustainability reports were initiated to give local communities a more detailed picture of what is occurring at nearby PotashCorp facilities. The first was issued late in 2005, and all operating facilities will report directly to their communities in 2006. These reports include information on safety and environmental performance, community involvement initiatives and spending with local business partners.

EMPLOYEES

PotashCorp surveys employees annually to learn about issues important to this key stakeholder group. In the 2005 survey, employees gave the company high marks for conducting itself with honesty and integrity, but said it could do more to help them grow professionally and advance in their careers.

PotashCorp is responding to these concerns by helping individual employees achieve their personal career goals. This effort is strongly supported by a philosophy of promoting from within. The majority of job openings are first posted internally, enabling qualified employees to advance within the organization and transfer into different functional disciplines or to different locations. Feedback has been very positive.

Further addressing employees' concerns is a 2006 goal of "filling at least 75% of senior staff openings with internal candidates."

CRITICS

Modern agriculture's use of commercial fertilizers is under pressure, primarily due to environmental and safety concerns. PotashCorp has responded in several ways:

- > Since some concerns are based on misconceptions and inaccurate information, it has programs to educate the public and its critics on the benefits and the facts (versus the myths) about fertilizer. Engagement vehicles include brochures, CDs, website postings and support for The Fertilizer Institute's Nutrients for Life Foundation and its educational component.
- > PotashCorp recognizes that environmental protection cannot focus only on production processes, but must cover the product life cycle. Its sustainability initiatives are responding accordingly. For example, since excessive fertilizer use may result in environmental harm, the company educates users of its products on proper application, stressing the need to avoid using more than is necessary.
- > PotashCorp is supporting a new Masters Degree program in Plant Biology and Conservation, offered jointly by Northwestern University and the Chicago Botanic Garden, with a three-year commitment to fund a new position in Soil Science.

POLITICAL ENGAGEMENT

PotashCorp engages with elected officials and regulators through meetings; financial contributions by a US subsidiary's Political Action Committee (contributions limited to the United States); and trade associations.

In 2005, the company initiated meetings with senior US congressional staff and wrote to members of Congress urging action on issues of importance to PotashCorp. These included:

- > The need for Russia to adopt a market-based pricing system for its natural gas sales. Company representatives also raised this in a meeting with members of the US Trade Representative's Office.
- > Legislation that would lift a federal ban on oil and gas drilling in most US coastal waters, thereby providing relief from scarce and high-cost oil and natural gas supplies.
- > Enlisting Senatorial support for the Webb-Pomerene Act, whose possible repeal is being reviewed by an advisory committee, as the Act enables US companies to be competitive in export markets.

In Trinidad, senior management participates in the Port Authority of Trinidad and Tobago, the Regulated Industries Commission and the Board of Governors of the University of Trinidad and Tobago.

PCS Trinidad is also a key member of the Trinidad and Tobago Chamber of Industry and Commerce, one of the country's premier business organizations. Through this important relationship, the company participates in the development of policies, rules, regulations and legislation, including health, safety and environmental legislation.

Professional public affairs staff at the Aurora and White Springs phosphate operations meet regularly with state and local officials. They are actively involved with regulatory, permitting and environmental issues associated with their respective production sites.

RELATIONS WITH ABORIGINAL COMMUNITIES

In 2005, PotashCorp officials held exploratory meetings with Aboriginal communities and organizations in Saskatchewan to discuss areas of mutual interest.

- > Company officials met with the Kawacatoose First Nation to provide information on opportunities with PotashCorp as investors, employees or suppliers.
- > PotashCorp officials met with the White Cap Dakota Nation to discuss potential employment opportunities.
- > A meeting in Saskatoon with the Aboriginal Human Resource Council of Canada addressed the company's employment criteria and requirements needed for the skilled trades.



Dennis Killebrew, Safety Specialist with PotashCorp's White Springs, Florida facility, teaches community first responders about safe handling of anhydrous ammonia shipments in PotashCorp-leased tank cars.





ONE

economy

POTASHCORP'S ECONOMIC PERFORMANCE

It's as basic as Business 101: Replacing obsolete equipment and expanding operations are necessary investments if a company is to grow and stay competitive. But it's more than basic business when PotashCorp commits to capital improvements.



POTASHCORP spending

MAKES CAPITAL IMPACT ON COMMUNITIES



ECONOMIC
PERFORMANCE

Because of a PotashCorp policy to purchase locally whenever possible, its capital spending often greatly affects the economies of its neighbors. In 2005, this impact was magnified as PotashCorp increased capital spending by 74%.

Case in point: A portion of the \$385 million allocated to bring back capacity at the Lanigan and Allan potash operations is being spent in the small Saskatchewan towns nearby. When the two projects were announced in April 2005, community leaders and businesses were immediately briefed on the company's plans.

"We wanted the community to be aware of the economic opportunities this expansion represented, and how they could best prosper as a result," said Mark Fracchia, General Manager at Lanigan.

The town of Lanigan got right to work, creating an information packet for PotashCorp's engineering contractor AMEC, said Mayor Bernie Bishop.

"We told AMEC how they could rely on the town for a wide variety of their needs, from labor to supplies to lodging to tax breaks," said Bishop. "It worked. During the height of construction season retail stores extended their hours, restaurants were busy, and vacant lodging and rentals were hard to find."

Town Administrator Christine Dyck cited similar results in Allan. "With 400 extra contractors in town every day, all available motel rooms and rental properties were taken. The owners of

the local trailer park even put in more lots to accommodate demand," she said.

One project that brought a dozen contractors to town for three weeks in the spring of 2006 pumped an estimated Cdn \$100,000 into Allan's economy, said Stewart Brown, General Manager of the Allan plant. Workers lived locally, established an account at the local co-op store and bought some Cdn \$65,000 in fuel during their stay.

The expansion also proved to be a boon for the economy of nearby Saskatoon. As Brown put it, "We had fabricators there working on everything from structural steel for buildings to ventilation shafts for the mines. We contracted out jobs for electrical work, motor repairs, pump overhauls and gearbox fabricating. And if you went to the union hall to find tradesmen, you wouldn't find any because they were already working either here at Allan or over at Lanigan."

In addition, there was increased demand for fuel, lumber and hauling from local sources. And, as one last local economic benefit, by the time the expansion projects are completed, the two general managers anticipate their staffs will have grown by approximately 50 employees each.

SUSTAINABLE SPENDING IN TRINIDAD

Because of its island location, the Trinidad nitrogen facility usually has no choice but to rely on offshore contractors

for capital improvements. But when major improvements were planned for 2005, a different tack was taken.

Using a "do-it-yourself" approach, Trinidad's staff did much of the initial planning and engineering and coordinated the entire project on a day-to-day basis. Although specialized equipment and contractors had to be brought from offshore, many other facets of construction were assigned to local mechanical, electrical and civil engineering firms. That meant that foundations, pilings, cranes, forklifts, scaffolding, insulation, structural steel and a skilled workforce to assemble everything were procured locally.

Managing Director Ian Welch called the initiative to spend locally "critical to the development of a sustainable competitive edge for Trinidad's emerging industrial sector."

As an example, Welch points to how the site's nearly \$71 million in capital spending affected one local supplier — Qualitech Machining Services. Its workforce grew from 20 to 45 and its facility expanded from 2,000 square feet to 13,000 square feet due to its ongoing relationship with PotashCorp.

Welch's commitment to spurring the economy of his tiny nation underscores why he was named President of the Trinidad and Tobago Chamber of Industry and Commerce in 2006.

The Importance of Economic Sustainability

Sustainable economic performance and growth make it possible for PotashCorp to generate long-term value for all stakeholders — investors, customers, employees, suppliers, communities and host governments.

To be sustainable in a commodity business, PotashCorp takes a long-term view. This means managing natural resources responsibly and maintaining the respect and support of stakeholders. Generating consistent, positive, long-term financial returns ensures sustainability objectives can be met. The company also takes steps to minimize the inherent volatility of its businesses and position itself as the leader in the products it sells and the markets it serves.

In pursuing economic sustainability, PotashCorp contributes to local, regional and national prosperity through taxes and royalties and by providing ongoing direct and indirect employment to employees and suppliers, who in turn contribute to the tax base.

PotashCorp's Growth Strategy

COMPETITIVE STRENGTHS

PotashCorp has an unmatched position in potash, with 75% of the world's excess capacity in this nutrient. The company is uniquely positioned to meet rising global potash demand by bringing on this additional production in a timely and cost-effective manner. Its large, low-cost potash facilities in Canada are complemented by strategic investments in Jordan, Israel, Chile and China.

ECONOMIC GOALS AND PERFORMANCE

2005 Targets

2005 Results

● Achieved ● Partially Achieved ○ Not Achieved

Goal: To meet customer needs and expectations.

- | | |
|--|---|
| 1. Implement enterprise-wide customer complaint system to facilitate tracking and resolution. | ● A new system, with automated tracking and reporting, was developed and implemented. |
| 2. Outperform competitors on quality and service as measured by customer surveys. | ● PotashCorp outperformed the industry average for quality and service in all key product categories. |
| 3. Expand computer applications' e-mail capabilities to improve communications with customers and vendors. | ● Customers and vendors now can receive automated order information by fax or e-mail. |
| 4. Provide quarterly reports on customer feedback program to monitor customer attitudes about quality and service. | ○ In practice it has not been possible to generate timely and accurate information on a quarterly basis. This information is obtained and reported on annually. |

Goal: To meet the needs and expectations of our providers of capital.

- | | |
|---|---|
| 1. Be at the top of our earnings guidance range. | ● Earnings per share of \$4.89 exceeded the initial guidance of \$3.50 – \$4.25 per share. |
| 2. Continue to emphasize the company's Potash First strategy. | ● The company continued to reinvest in the Potash First strategy in 2005, repurchasing 9% of its shares, initiating a three-year, \$400-million capital spending program for potash production, and investing in other companies around the world that enhance its position in this key nutrient. |

Goal: To improve the socio-economic well-being of local communities.

- | | |
|---|---|
| 1. Continue to seek viable opportunities for more local sourcing at each site. | ● Efforts continue, as opportunities are identified. In 2005, a contract for arc flash protection for use in the Potash division was awarded to Saskatchewan Abilities Council, a local nonprofit employing people with disabilities who manufacture this safety apparel. |
| 2. Be engaged with community support projects at each of our plants and offices. | ● The company and its people were engaged at all locations with specific projects that improved host communities. Initiatives included volunteer efforts, donations and relationship-building activities. |
| 3. Achieve a 10% increase in individual participation in the matching gift program and a 20% increase in total donations. | ● Individual participation increased by 15% and total donations rose by 58%. |
| 4. Initiate meetings with Aboriginal representatives in Saskatchewan to address job opportunities and skill requirements. | ● Meetings took place with three different Aboriginal groups in 2005. |



Neighbors of PotashCorp's Aurora facility in rural eastern North Carolina have a positive image of our phosphate operation, which employs more than 1,000 people.

In February 2005, an independent research firm conducted telephone interviews with more than 1,200 area residents to gauge our neighbors' perceptions of the facility.

Almost three-quarters of the respondents said they were somewhat familiar with our business. Among those, an overwhelming majority viewed the company favorably, primarily because it is a major community employer. Our Aurora facility is, in fact, the largest private employer in Beaufort County, North Carolina, with an annual payroll exceeding \$60 million.

"The research was invaluable because it told us how we are viewed by the public," said Richard Atwood, Aurora General Manager. "Though our neighbors respect us as an economic contributor, not all of them are aware of other significant contributions we make in the community. This tells us we need to work even harder on our outreach efforts."

PotashCorp is a major contributor of specimens to the Aurora Fossil Museum and hosts fossil hunts for the public at its Aurora phosphate site.

The company also has strengths in nitrogen and phosphate. Long-term, lower-cost natural gas contracts in Trinidad provide a competitive advantage in serving the US nitrogen market. In phosphate, superior-quality rock gives the company greater ability to produce higher-margin industrial products, particularly purified phosphoric acid.

STRATEGY

To provide stakeholders with superior value, PotashCorp's strategy focuses on generating long-term growth while minimizing the natural volatility of its business. The company focuses on its highest-margin products, which dictates its Potash First strategy. The company focuses its capital — internally to utilize excess capacity and also through global investments — to prepare for expected long-term growth in the global demand for potash.

In addition, the company leverages its strengths in nitrogen and phosphate, focusing on products and locations with the greatest gross margin potential and least volatility.

ECONOMIC POLICY COMMITMENTS

PotashCorp's *Code of Business Conduct* includes a number of policies that define the company's commitment to sustainable economic performance.

These state:

- > We will comply with the law, rules and regulations in the countries and communities in which we operate.
- > We will manage our financial performance to maximize long-term value for our shareholders through the strategic investment of financial and human resources.
- > We seek continuous improvement. We are proactive, not passive — regularly reviewing our practices to ensure improvement.

Our Best Practices Program takes production processes that are successful at some PotashCorp facilities and develops them as company-wide Best Practices, putting them to work throughout all of our operations.

- > We contribute to sustainable human progress and the generation of economic activity in the communities where we operate.
- > PotashCorp is committed to supporting various local programs and initiatives in the communities where we work and live.
- > We work to create mutual advantage in all our relationships.

PotashCorp also has a comprehensive *Purchasing Policy* that links procurement to sustainability considerations. These include implications for local community development and the safety, health and environmental performance of the supplier.

MANAGEMENT RESPONSIBILITY

The CEO has the final management accountability for PotashCorp's economic performance. He or she is responsible for:

- > developing and recommending to the Board of Directors a long-term strategy and vision for the company that leads to creation of shareholder value
- > developing and recommending to the board annual business plans and budgets that support long-term strategy
- > consistently striving to achieve financial and operating goals and objectives.

At the production sites, the plant General Manager is responsible for implementing business practices and identifying opportunities to advance the company's production goals.

ECONOMIC VALUE GENERATED BY POTASHCORP

\$ millions

	2003	2004	2005
Net Sales*	2,465.8	2,901.4	3,475.6
Income from Financial Investments**	20.5	45.0	74.4
Proceeds from Sale of Assets***	—	103.3	12.4
Total	2,486.3	3,049.7	3,562.4

*See reconciliation and description of certain non-GAAP measures in Financial Performance Indicators in our 2005 Annual Report – Financial Review, pages 50 to 52. **Income from financial investments includes our proportionate share of earnings for investments accounted for on an equity basis, dividends received from investments accounted for on a cost basis as well as interest income. ***Proceeds from sale of assets includes disposal of property, plant and equipment, and sale of long-term investments.

Source: PotashCorp, based on G3 framework

MANAGEMENT SYSTEM

Key elements of PotashCorp's approach to managing its economic performance include:

Targets: PotashCorp establishes corporate sustainability goals and targets each year in both its Annual and Sustainability Reports. Individual production sites also set annual site-specific key performance indicators and targets.

Training: PotashCorp has long-standing training initiatives to ensure that its workforce has the required skills to competently perform its tasks in a safe, healthy and environmentally sound manner. New or transferred employees, contractors and other visiting personnel undergo appropriate site orientation/induction training.

Best Practices: The company's Best Practices Program takes initiatives that are successful at some PotashCorp facilities and develops them as company-wide best practices.

Performance Monitoring and Review: PotashCorp has ongoing processes for performance monitoring and review.

GOALS AND PERFORMANCE

PotashCorp sets long-term economic goals and annual targets. The Goals and Performance chart on page 27 illustrates that in almost all cases the economic targets set for 2005 were achieved.

PotashCorp's Economic Performance

This section describes PotashCorp's economic impacts on its customers, employees, suppliers, providers of capital, host governments and communities. It also addresses the company's economic impacts on local labor markets through its wages, hiring and local purchasing policies. A brief discussion of indirect economic impacts is included.

Additional information about the company's economic and financial performance can be found in the 2005 Annual Report.

ECONOMIC VALUE GENERATED

In 2005, PotashCorp generated economic value of \$3.6 billion, up from \$3.1 billion the prior year. Net sales accounted for almost all of the economic value generated by the company. *See chart at top.*

SALES

Fertilizers are sold primarily for spring and fall application in both northern and southern hemispheres. Potash, phosphate and nitrogen are also used as inputs for producers of animal feed and industrial products. Feed and industrial sales are more evenly distributed throughout the year than fertilizer sales and are primarily by contract.

PotashCorp's net sales were \$3.5 billion in 2005, an increase of 67% since 2001. The growth is the result of increased production of potash and phosphates and higher prices for potash and nitrogen products. *See chart at right.*

In 2005, nitrogen products accounted for the largest share of company net sales (37%), followed by potash (34%) and phosphate (29%). However, potash continues to generate the bulk of gross margin. Over the past five years, potash represented on average 29% of net sales and produced 62% of gross margin. Phosphate and nitrogen together generated 71% of net sales and 38% of gross margin.

ECONOMIC VALUE DISTRIBUTED

The economic value distributed by PotashCorp was over \$3.0 billion. The bulk of this was accounted for by the cost of goods and services purchased (\$2.2 billion), employee wages and benefits (\$423.8 million) and taxes to governments (\$338.1 million). *See chart at right.*

GOODS AND SERVICES PURCHASED

The total value of goods, materials and services purchased for operating activities was just over \$2.2 billion. *See chart at right.*

Production feedstocks such as natural gas and sulfur account for the major part of PotashCorp's annual procurement.

NET SALES* BY BUSINESS SEGMENT

\$ millions	2001	2002	2003	2004	2005
Potash	531.8	544.5	619.1	894.8	1,176.9
Nitrogen	895.4	747.4	1,064.8	1,130.0	1,279.4
Phosphate	653.6	636.8	781.9	876.6	1,019.3
Total	2,080.8	1,928.7	2,465.8	2,901.4	3,475.6

*See reconciliation and description of certain non-GAAP measures in Financial Performance Indicators in our 2005 Annual Report - Financial Review, pages 50 to 52. Source: PotashCorp

ECONOMIC VALUE DISTRIBUTED BY POTASHCORP

\$ millions	2003	2004	2005
Operating Costs: payments for materials, product components, facilities and services purchased	1,602.0	1,712.8	2,215.6
Employee Wages and Benefits	352.1	386.7	423.8
Payments to Providers of Capital: dividends and interest payments	143.6	140.1	160.8
Payments to Governments	115.8	172.5	338.1
Community Donations and Investments, Political Contributions	1.7	1.9	3.0
Total	2,215.2	2,414.0	3,141.3

Source: PotashCorp, based on G3 framework

GOODS, SERVICES AND MATERIALS PURCHASED*

\$ millions	2001	2002	2003	2004	2005
Potash	182.3	214.1	277.8	292.8	431.0
Nitrogen	681.3	562.1	724.5	763.4	934.3
Phosphate	358.8	358.8	563.9	608.5	799.4
Corporate	40.6	28.9	35.8	48.1	50.9
Total	1,263.0	1,163.9	1,602.0	1,712.8	2,215.6

*Does not include capitalized items

Source: PotashCorp

SALARIES AND PAYROLL FOR POTASHCORP'S REGULAR WORKFORCE

\$ millions	2002	2003	2004	2005
Total Salaries	234.1	237.4	290.6	299.0
Benefits	94.3	114.7	96.1	124.8
Total Payroll	328.4	352.1	386.7	423.8

Source: PotashCorp

Other major goods, services and materials purchased include freight, electricity, materials for maintenance and repair, and contract services.

PAYROLL

PotashCorp has employees in the US, Canada, Trinidad and Brazil. Many of its facilities are located in small towns where the company is a dominant employer.

In 2005, PotashCorp's total payroll (including benefits) for its worldwide regular workforce was \$423.8 million. *See chart on previous page.*

Payments to contract employees totaled \$82.5 million in 2005.

DISTRIBUTIONS TO PROVIDERS OF CAPITAL

In 2005, PotashCorp incurred \$88.4 million in interest on its long-term debt. Dividend payments were \$65.4 million. *See chart at right.*

SHAREHOLDERS

Shareholders have benefited greatly from long-term stock price appreciation.

Since 1989, PotashCorp has delivered total shareholder return of 1,055%, more than triple the sector average of 346%.

In 2005, PotashCorp repurchased 9.5 million common shares, nearly 9% of the company, for \$851.9 million.

DEBTHOLDERS

PotashCorp incurred \$95.4 million of interest expense on all debt in 2005. Interest on long-term debt was \$88.4 million, while interest on short-term debt was \$7.0 million. *See Distributions to Debtholders chart at right.*

POTASHCORP'S DISTRIBUTIONS TO PROVIDERS OF CAPITAL

\$ millions

	2003	2004	2005
Interest Paid	98.2	112.1	125.5
Dividends Paid	52.3	56.1	65.4
Total	150.5	168.2	190.9

Source: PotashCorp

INTEREST EXPENSE ATTRIBUTABLE TO DEBTHOLDERS

\$ millions

	2003	2004	2005
Interest Expense on Short-Term Debt	5.1	3.4	7.0
Interest Expense on Long-Term Debt	88.7	86.5	88.4
Total	93.8	89.9	95.4

Source: PotashCorp

COMMUNICATIONS KEY

Because our customers depend on our products to help feed the world, PotashCorp acted quickly when rail and shipping transportation around New Orleans and the entrance to the Mississippi River came to a halt following Hurricane Katrina.

"Katrina's wrath caused numerous marine vessels to be diverted," said Cyril Eckl, former Vice President, Transportation and Distribution. "So PotashCorp had to look to other warehouses, shipping terminals, production facilities and alternate rail lines to minimize disruptions."

The result? Although some fertilizer product shipments were briefly delayed, PotashCorp's Customer Service Department did not field a single customer complaint.

"A significant key to our success in serving customers during this difficult period was open communications," emphasized Eckl. "We kept customers informed about product shipments, alternate distribution plans and anything that

could affect the delivery of their product." (Eckl retired from PotashCorp in June 2006 after a distinguished 30-year career with the company.)

"Transportation and Distribution kept us informed right from the start," said Debbie Hetzel, Customer Service Team Leader. "We had information on how our shipments were impacted and status memos from the railroads. So we never had to scramble to answer customers' questions when they called. We worked hard to put our customer communications system into action, and it performed just as we anticipated it would."

"This natural disaster showed us just how important it is to know exactly where all our product is, and that the communication chain never breaks," Eckl said. "Our managers of the rail fleet and marine operations were in constant contact, ensuring that everyone, internally and externally, knew what was going on."



APPLAUDING OUR CUSTOMERS

At PotashCorp, we strive to communicate our values to our business partners and we're pleased to work with many companies that share our commitment to sustainability.

In 2006, we launched a new communications program, *Enriching*, to salute such partners through a dedicated website and a series of trade magazine advertisements.

We started the *Enriching* campaign by profiling The Andersons, northwest Ohio's agricultural services powerhouse. The Andersons is providing rescue tools and training to farmers and local paramedics; serving the children of Toledo's Queen of Apostles School, where caring volunteers and generous

donations help that inner city school perform miracles every day; and serving its customers in extraordinary ways.

Another example is Willard Agri-Services, which operates in Maryland, Pennsylvania and Delaware. It's proving itself to be a strong environmental steward by minimizing nutrient runoff in waters flowing into the Chesapeake Bay and its tributaries.

Willard is addressing the area's water pollution by going above and beyond the stringent local regulations meant to safeguard the region's watershed from pollution. It also works closely with its farmer customers, using state-of-the-art technology to reduce nutrient runoff while helping farmers increase yields.



PotashCorp customer The Andersons helped the Schuerman cousins learn the ropes on taking over their family farms in Northwest Ohio after both their fathers died within months of each other. Above from left are Dean, Eric, Kent and John Schuerman.

At left, Pennsylvania farmer Micha Meyer, left, consults with Willard Agri-Service's Dave White about applying fertilizer to the corn crop.



SHAREHOLDERS' EQUITY

Shareholders' equity at the end of 2005 was \$2.1 billion. This was impacted in 2005 by the authorization and completion of PotashCorp's share repurchase program at a cost of \$851.9 million. The repurchase resulted in reductions of share capital, contributed surplus and retained earnings of \$125.1 million, \$264.3 million and \$462.5 million, respectively.

Net income of \$542.9 million less \$462.5 million due to common share repurchases and dividends declared of \$65.0 million resulted in a net change in retained earnings of \$15.4 million.

TOTAL TAXES

PotashCorp's taxes in 2005 were \$338.1 million. Canadian taxes, which consisted of the potash profits tax, surtax and base payments tax, totaled \$134.3 million.



See details of PotashCorp's taxes since 2001 at www.potashcorp.com/2005SR/economic.

COMMUNITY DONATIONS

In 2005, PotashCorp contributed \$4 million in cash and non-cash donations to its host communities and other worthy causes. Charitable cash donations totaled \$3.25 million and non-cash donations were \$757,000. Company employees contributed an additional \$483,000 to charitable organizations, the most significant being the United Way. See chart at right.

More information on the community and charitable contributions by PotashCorp and its employees can be found in the Social Performance section on page 49 and the Site Performance section on page 66.

ECONOMIC VALUE RETAINED

The economic value retained by the company is the difference between the economic value generated and the economic value distributed. In 2005 this amounted to \$423.5 million, a decrease from the \$638.6 million in 2004. See chart below.

FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

PotashCorp has been involved in climate change initiatives over the past decade. For example:

- > All potash operations in Canada were voluntary participants in the *Canadian Industry Plan for Energy Conservation* for a number of years. Between 2001 and 2005, potash operations improved their energy efficiency by 24%.

- > PotashCorp's Enterprise Risk Management Committee is addressing risks and opportunities for the company associated with climate change.

POTASHCORP'S PENSION PLANS

PotashCorp sponsors plans that provide pensions and other retirement benefits for most of its employees. A properly funded pension plan helps attract and retain a dedicated workforce and supports long-term financial planning and stability for the organization. See chart on next page.

Due to the long-term nature of these plans, the calculation of expenses and obligations depends on various assumptions such as discount rates, expected rates of return on assets, projected salary increases,

CHARITABLE DONATIONS

\$ millions

	2002	2003	2004	2005
Corporate Charitable Cash Donations	1.00	1.10	1.70	3.25
Corporate Charitable Non-Cash Donations	0.70	0.60	1.30	0.75
Charitable Donations by Employees	0.32	0.36	0.42	0.48
Matched by the Company				
Total	2.02	2.06	3.42	4.48

Source: PotashCorp

ECONOMIC VALUE RETAINED BY POTASHCORP

\$ millions

	2003	2004	2005
Economic Value Generated	2,492.0	3,052.6	3,564.8
Economic Value Distributed	2,215.2	2,414.0	3,141.3
Economic Value Retained	276.8	638.6	423.5

Source: PotashCorp, based on G3 framework



brings producers together

The environment and public safety were on the agenda when our Augusta, Georgia nitrogen plant hosted an industry conference with representatives from more than 50 companies and 16 countries belonging to the Ammonium Nitrate/Nitric Acid Producers Study Group.

"In this business, it's vital that we share information, especially with respect to protecting the environment and ensuring public safety," said Warren Stroman, Augusta General Manager.

Among the topics covered during the weeklong conference in October 2005 were emissions reduction, ammonium nitrate safety and process improvements. The group also toured the PotashCorp facility.

"We were certainly proud to bring so many of our industry colleagues to the site to share best practices and showcase our operations," said Stroman.

PotashCorp's Augusta, Georgia nitrogen facility

PENSION PLAN COVERAGE FOR POTASHCORP EMPLOYEES

Jurisdiction	Plan Coverage
Canada	Substantially all employees of the company are participants in either a defined contribution or a defined benefit pension plan.
United States	The company has defined benefit pension plans that cover a substantial majority of its employees. Contributions to the US plans are made to meet or exceed minimum funding requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").
Trinidad	The company has contributory defined benefit pension plans that cover a substantial majority of its employees.
Brazil	The company and employees participate in a government-sponsored plan.

Source: PotashCorp

retirement age, mortality and termination rates. These assumptions are determined by management and reviewed annually by the company's actuaries. PotashCorp's Employee Benefits Committee has oversight responsibility for the company's pension plans. *See chart on next page.* The investment portfolio contains a diversified blend of equity and fixed income investments. Other assets such as private equity, real estate and hedge funds are not used at this time.



See details of PotashCorp's pension plans at www.potashcorp.com/2005SR/economic.

FINANCIAL ASSISTANCE FROM GOVERNMENTS

PotashCorp received no subsidies or financial assistance from governments at any of its operations or locations in 2005.

POTASHCORP'S MARKET IMPACTS

PotashCorp has an economic impact on local labor markets through its wages, hiring and local purchasing policies.

WAGES

In all jurisdictions where it has operations, PotashCorp's entry level wages are much higher than the local minimum wage and in many cases may be as much as three times the local minimum wage. The company recognizes that offering wages above the minimum is an important factor in attracting and retaining the best employees and in building strong community support. *See chart at right.*

LOCAL SPENDING

PotashCorp recognizes the value of local purchasing. By supporting local businesses in the supply chain, the company benefits from new sources of supply, improves the stability of local economies and helps attract additional investment to the area. All these factors can contribute to improved community support for its operations.

Under its company-wide *Purchasing Policy*, in addition to price and quality, PotashCorp's purchasing managers must give consideration to the potential contribution to the local economy and to accessibility. Each production site has developed its own procedures to implement this policy. *See chart at right.*

PotashCorp started to measure the percentage of local purchasing across its operations in 2002. Excluding raw materials, electricity and transportation, company estimates show that between 52% and 62% of remaining purchases are made locally.

POTASHCORP'S PENSION PLAN ASSETS AND OBLIGATIONS

Dec 31, 2005

Benefit Obligations	\$595.3 million
Plan Assets	\$480.8 million

Source: PotashCorp

COMPARISON OF ENTRY WAGE LEVELS TO LOCAL MINIMUM WAGE

2005

	US *	Canada **	Trinidad *	Brazil ***
PotashCorp's Entry Level Wage	8.56-17.10	18.95-23.05	4.14	700
Local Minimum Wage	5.15-6.50	6.30-7.05	1.44	350
% Entry/Local	166%-325%	280%-326%	287%	200%

*US dollars/hour

**Canadian dollars/hour

***Reals/month (2006 data)

Source: PotashCorp

LOCAL PURCHASING

	2002	2003	2004	2005
% of Total Purchases Made Locally*	55%	52%	60%	62%

*Excluding raw materials, electricity and transportation.

Source: PotashCorp

LOCAL HIRING

It is common practice at PotashCorp to hire local residents at its operations. Accordingly, the majority of the company's employees reside in and around its host communities.

INDIRECT ECONOMIC IMPACTS

Public Benefits from Operations

PotashCorp's capital contribution to local economies extends beyond the direct impact of its investments in its own operations and local purchasing. As the often-dominant employer in an area, it can affect the local economy through its impacts on educational and medical facilities, social and sports centers, utilities and other important elements of community life.

Indirect Economic Impacts

Indirect impacts describe the effect of a company's operations and investments on the economic activities and performance of others. For example, salaries and supplier income spent locally or paid as tax multiply through the community and induce more economic activity, job creation and wealth creation.

PotashCorp is not yet able to present information on its indirect impacts, beyond noting that, as a major contributor to world food production, such impacts are considerable.





POTASHCORP'S SOCIAL PERFORMANCE

A quick Google search on the subject of "mine safety" offers no shortage of articles from which to choose. Mining has become a subject of understandable public concern and intense media scrutiny. But look closely among the hundreds of articles in your screen and you can find an episode that provides a different view of mining, and a clear vision of our company's commitment to mine rescue safety.



SAFETY DRILLS PAY OFF DURING THE ULTIMATE TEST:

rescuing 72 miners

TRAPPED UNDERGROUND BY FIRE



It took place on January 23, 2006 when 72 miners were trapped underground by a fire in a competitor's potash mine in Esterhazy, Saskatchewan. Within minutes, PotashCorp dispatched a response team from its nearby Rocanville plant. That team was one of the first on the scene, and some members participated on the first team to enter the mine where, after 24 hours, all 72 trapped men were successfully rescued.

"We're very proud of our mine rescue safety efforts," said Garth Moore, President, PCS Potash. "At each of our mines you'll find more than 20 well-trained rescue personnel. In addition, employees at every mining site have safety ingrained into their work habits."

Stephen Fortney, Rocanville's General Manager, details the safety efforts at his operation. "We have three complete crews of mine rescue personnel here, one of which is always ready to go at a moment's notice. All of the rescue team members are required to undergo a minimum of 40 hours of safety training a year, but in reality, they average 110 hours. A lot of this occurs through rescue competitions we conduct on site each year. We pit our different teams against each other and get the entire plant involved in rescue drills. It's a terrific learning experience for everyone."

PotashCorp workers have won a variety of the top industry safety competitions for several years in a row.

In addition to personnel training, Fortney said that PotashCorp ensures safe work conditions that include a steady supply of fresh air, proper exhaust systems, keeping areas well lit and maintained, and constant monitoring of surface ground and underground rock for movement.

The latter can be dangerous to workers. In 2005, a worker at PotashCorp's Lanigan potash mine was killed when a clay deposit in the mine roof fell on top of him.

Said Moore, "At thousands of feet below ground level, potash rock is slowly flowing, ever changing position. But by monitoring this movement, we can safely design the way we will mine the ore and the way we will structure the rooms."

The "rooms" he refers to are vast corridors from which potash is mined. Cut into the rock and supported by pillars of uncut rock, they can be as large as 65 feet wide with ceilings up to 17 feet high. "Under 3,000 psi of pressure, after about 60 or 70 years, these rooms will close right up due to the moving nature of potash," says Moore. "With our monitoring instrumentation, however, we can watch to make sure seams do not separate and lead to the weakening of a mining room roof."

The Esterhazy accident was caused by plastic piping catching fire, but fires in potash mines are generally much different than those in coal mines.

In particular, coal mines contain methane and coal dust which can explode and burn, generating large amounts of smoke. Potash is a salt and does not burn or smoke. Nevertheless, all PotashCorp potash mines have safe rooms to provide escape.

"Safe rooms are cut and sealed at both ends, with a double door that works like an airlock," said Fortney. "Our eight safe rooms vary in size from about 6,000 cubic feet to over 88,000 cubic feet. The largest of these rooms can hold up to 70 workers, even though we only work a maximum of 60 at peak times." Stocked with water, canned food and having basic bathroom facilities, each room is designed to help miners survive a minimum of 35 hours, Fortney said, but could probably sustain life for up to a week.

If there is a fire or problem, flashing beacons tell miners to get to a safe room. As a redundant emergency signal, all conveyor belts throughout a mine will shut down. When this happens, miners know they are supposed to call for instructions on what to do next.

All of which has produced not only one of the best company safety records in the mining industry, but the most rewarding safety performance of all.

"PotashCorp workers have led the way in mine safety competitions for several years now," Moore said. "But on January 23 they turned in their best performance yet when they assisted in rescuing those 72 men."

The Strategic Importance of Social Sustainability

Social sustainability is a PotashCorp priority because a strong commitment to society helps build stakeholder trust. More participation and dialogue with those it affects and who affect it cement long-term relationships that enhance the company's reputation.

Relationships with key stakeholders — the communities where it does business, its investors, customers, employees and suppliers — are important, not just economically, but because they help guide PotashCorp's values and principles and make it accountable.

Strong social performance helps attract and retain a productive workforce, build strong, efficient operations and earn the respect and goodwill of internal and external stakeholders.

Overview of Key Social Policies

Most of the policies governing PotashCorp's social performance are embedded in its *Statement of Core Values and Code of Business Conduct*. Other social policy commitments are found in its *SHE Policy*, *Employee Handbooks*, *Code of Customer Commitment* and *Respect in the Workplace Policy*.

MANAGEMENT RESPONSIBILITY FOR SOCIAL ISSUES

The senior PotashCorp executives with greatest responsibility for social issues are the COO, Senior Vice President of Administration and the General Counsel. The table to the right sets out their areas of responsibility in the social field, and those of other senior managers.

A SUMMARY OF THE COMPANY'S KEY SOCIAL COMMITMENTS

Labor Policies and Decent Work	> PotashCorp is committed to a healthy and safe work environment for all employees and contractors. > It will provide training to assist employees in performing to potential in their current jobs or prepare them for higher level assignments. > The company respects workers' rights to enter into collective bargaining relationships. > It is committed to the principles of equal employment opportunity.
Human Rights	> PotashCorp is committed to respect the rights of the individual wherever it does business. > It will not tolerate any form of discrimination or harassment directed at any individual or group.
Product Responsibility	> PotashCorp will assess, manage and communicate any hazards associated with its products.
Customers	> The company is committed to satisfying its customers. > It will maintain the confidentiality of information entrusted to it by its customers.
Societal Responsibility	> PotashCorp must never act in contravention of antitrust or competition laws in any of the jurisdictions in which it does business. > It will never offer, pay, solicit or accept bribes in any form, directly or indirectly. > The company believes it is important to participate in business discussions and public policy debates.
Community	> PotashCorp is committed to supporting the communities where its employees live, to working through local programs and initiatives and to the generation of economic activity.

MANAGEMENT RESPONSIBILITY FOR SOCIAL ISSUES

Social Area	Executive Responsible
Employee Relations	COO; Senior Vice President, Administration
Labor-Management Relations	COO; Senior Vice President, Administration
Training and Education	COO; Senior Vice President, Administration; Plant General Managers
Human Rights	COO; General Counsel; Senior Vice President, Administration; Vice President, Internal Audit
Occupational Health and Safety	COO; Vice President, Safety, Health and Environment (SHE); Plant General Managers
Community Development	COO; Plant General Managers; Donations Committee
Competition/Antitrust	General Counsel
Political	CEO; Senior Vice President, Corporate Relations; Senior Vice President, Administration
Corruption	General Counsel
Customer Health and Safety	President, PCS Sales
Product Safety	President, PCS Sales; Vice President, Safety, Health and Environment (SHE)
Customer Satisfaction	President, PCS Sales
Customer Privacy	President, PCS Sales; General Counsel

SOCIAL GOALS AND PERFORMANCE

2005 Targets

2005 Results

● Achieved ○ Partially Achieved ○ Not Achieved

Goal: To have motivated and productive employees committed to our long-term goals.

- | | |
|--|---|
| 1. Integrate key corporate performance metrics into regular employee reviews, providing managers with greater discretion to reward individual achievement. | ● This is still in progress. Key performance indicators are being used in more departmental and individual goal-setting and performance discussions. Changes to compensation and incentive pay have been implemented to allow flexibility in rewarding excellent performance. |
| 2. Proactively improve orientation programs for new employees and career development processes for existing employees. | ● A framework for employee orientation, including a handbook for new employees, is being developed. In addition, the process for cross-border transfers and expatriate assignments was improved to facilitate new opportunities for current employees. |
| 3. Complete implementation of a human resources administration system enabled by information technology. | ● Full implementation has been completed in the United States, while final extension into Canada is on hold. |
| 4. Maintain personnel turnover improvements achieved in 2004 in Trinidad. | ○ Turnover in Trinidad increased by 1.3% as PotashCorp employees were recruited by other companies in a rapidly developing chemical sector. |

Goal: To move closer to our goal of no harm to people, no accidents.

- | | |
|---|--|
| 1. Reduce recordable and lost-time injury frequency rates by 10%. | ○ Recordable and lost-time injury rates increased 29.5% and 53.8%, respectively, from the record low levels of 2004. |
| 2. Establish a Senior Management Safety Leadership Team. | ● A Senior Safety Leadership Team was established and is actively pursuing improved safety performance. |

Goal: To improve the socio-economic well-being of our communities.

- | | |
|---|--|
| 1. Be in the top quartile of responses in a survey of community leaders. | ● A survey conducted in Aurora showed that people view PotashCorp as important to the local economy (97%), a strong community supporter (89%) and a good employer (85%). |
| 2. Be engaged with community support projects at each of our plants and offices. | ● Our company and our people at all of our facilities were engaged in efforts to improve our communities. |
| 3. Achieve a 10% increase in individual participation in the matching gift program and a 20% increase in total donations. | ● Individual participation increased by 15% and total donations by 58%. |
| 4. Formalize corporate-donations guidelines with a written policy and post it on the company's website. | ● This is in progress and will be completed in 2006. |

Goal: To promote sustainability through the supply chain process.

- | | |
|--|--|
| 1. Begin engaging major suppliers regarding their human rights policies by requesting a description or copy of their Code of Conduct or human rights performance indicators. | ● Partially completed with 370 "key vendors" identified. Documentation on human rights policies requested from all of these companies; 80% have provided this information. |
|--|--|

GOALS AND PERFORMANCE

PotashCorp sets annual targets for its sustainability performance. The table at left sets out 2005 targets for social performance and the results achieved.



See a list of awards we've received for community involvement at www.potashcorp.com/2005SR/social.

Labor Practices and Decent Work

LABOR POLICIES

PotashCorp will always respect the labor laws of each country in which it operates. It has adopted several key policy commitments regarding labor practices and decent work.

Labor-Management Relations

Consistent with its commitment in its *Code of Business Conduct* to respect the rights of the individual, PotashCorp acknowledges and respects workers' rights to enter into collective bargaining relationships.

Workplace Health and Safety

The Code states that PotashCorp is committed to a healthy and safe work environment for all employees and contractors. Its goal is "No harm to people and no accidents."

Training and Education

According to its Employee Handbook, PotashCorp will provide training to assist employees in performing to potential in their current jobs, or to prepare them for identified higher-level assignments; all employees will be given an equal opportunity to participate in training and education programs supported by the company; and tuition may be reimbursed for employees who pursue academic studies in addition to performing their normal work.

Equal Opportunity

The Employee Handbook states that, under its commitment to the principles of equal employment opportunity, PotashCorp will continue to recruit, hire, train, assign, promote, transfer, place, demote, lay off, recall, terminate, grant leaves of absence and administer all compensation and benefits programs without regard to race, color, religion, sex, national origin, age, disability, veteran status or any other protected characteristics as defined by law.

MANAGEMENT RESPONSIBILITY

The Senior Vice President of Administration has operational responsibility for company-wide employment, labor management and training and development areas.

The Vice President of Safety, Health and Environment has responsibility for the company's occupational health and safety system. The COO heads a recently established Senior Safety Leadership Team comprised of six senior managers. The team's objective is to provide leadership that will foster a culture to reduce exposure and eliminate risk in the workplace.

MANAGEMENT SYSTEMS

PotashCorp uses a variety of management processes to ensure that its employment and workplace safety commitments are implemented effectively.

Occupational Health and Safety

The management approach to occupational health and safety includes:

- > Training — offered annually (or more often, if required) on process hazards, health and safety, emergency procedures and safe work practices, with refresher training at least annually.

POTASHCORP'S TOTAL WORKFORCE BY EMPLOYMENT CATEGORY

2005

	Employees	% of Total
Managers	846	17.3
Professionals	388	8.0
Technicians	400	8.2
Sales Workers	64	1.3
Office and Clerical	242	5.0
Skilled Craft Workers	1,475	30.2
Semi-Skilled Workers	1,382	28.3
Laborers	73	1.5
Service	9	0.2
Total	4,879	100.0

Source: PotashCorp

- > Hazard control strategies give priority to control at or near the source through elimination, substitution, isolation and/or effective local ventilation.
- > Health and safety (including ergonomic considerations) are part of PotashCorp's criteria for selecting materials, tools and equipment for purchase.
- > The targeted time period for resolving issues identified in workplace inspections and accident investigations varies. Some action is taken immediately. In all cases, corrective action is taken within one year.
- > Periodic health and safety audits are performed to validate effectiveness.

Accident Prevention

PotashCorp uses a disciplined safety system that is based on best practices and the Behavioral Accident Prevention Process (BAPP®).

The company ensures that all employees and contractors are well-informed, well-trained, engaged and committed to its safety and health improvement processes.

It recently created a high-level team focused on prevention of accidents among employees and contractors. This Senior Safety Leadership Team is shifting attention from traditional safety measures, such as the frequency of lost-time injuries or recordable accidents, to reducing exposure of risky behaviors that cause accidents.

Each facility creates an annual Safety Action Plan to address measurable performance in behavior-based safety, key procedures, contractor safety and organizational culture.

PERFORMANCE

Workforce Characteristics

PotashCorp had 4,879 full-time regular employees at the end of 2005, plus 772 contract employees.

The workforce is located mainly in the United States, Canada, Trinidad and Brazil. *See page 11 in PotashCorp's Organizational Profile for country breakdown.*

Most PotashCorp employees are hourly. *See chart above for a breakdown of the company's total workforce by employment category.*

EMPLOYEE TURNOVER AT POTASHCORP

	2002	2003	2004	2005
Average Employee Turnover	<5%	5.9%	7.7%	8.4%

Source: PotashCorp

Employee Turnover

Employee turnover across all PotashCorp operations averaged 8.4% in 2005. It is not tracked by gender or age group. *See chart at left.*

EMPLOYEE BENEFITS IN THE UNITED STATES AND CANADA

Type of Benefit	Is this benefit standard for the majority of full-time employees?		Is this benefit provided to temporary or part-time employees?	
	Canada	United States	Canada	United States
Life Insurance	Yes	Yes	Yes	No
Health Care	Yes	Yes	Yes	No
Disability	Yes	Yes	No	No
Maternity/Paternity Leave	Yes	Yes	No	No
Pension Plan	Yes	Yes	No	No
Savings Plan	Yes	Yes	No	No
Stock Ownership	Yes	Yes	No	No
AD&D Insurance	Yes	Yes	Yes	No
Short-Term Incentive Plan	Yes	Yes	No	No

Source: PotashCorp

Employee Benefits

PotashCorp provides a full range of benefits to its full-time workforce in the United States and Canada, including life insurance, health care, disability coverage, maternity/paternity leave, pension plans, savings plan, short-term incentive plan and Accidental Death and Dismemberment (AD&D) insurance. Temporary or part-time employees in Canada (but not in the United States) qualify for life insurance, health care and AD&D insurance. *See chart at left.*

Unionization

PotashCorp had 1,729 union members in its workforce in 2005, 35% of its regular employees. *See chart at left.*

Just over half of all union members work in Canada (55%), followed by the United States (40%) and Brazil (5%).

UNION MEMBERSHIP

	2001	2002	2003	2004	2005
Union Members	1,412	1,621	1,639	1,664	1,729
Total Regular Employees	4,997	5,199	4,904	4,906	4,879
Unionization as % of Total Regular Employees	28%	31%	33%	34%	35%

Source: PotashCorp

Notification Provisions

In Canada, collective bargaining agreements and provincial labor legislation require one to eight weeks' minimum notice for layoffs, usually depending on the employee's length of employment. In the United States, the notice period depends on the circumstances but ranges from two to eight weeks.

Under specific circumstances involving a significant change in the employer's operation of the business, "technological change" legislation and

INJURY FREQUENCY RATES

per 200,000 work hours

	2001	2002	2003	2004	2005
Lost-Time Injury Frequency Rate	0.36	0.37	0.28	0.26	0.38
Recordable Injury Frequency Rate	3.26	2.68	2.21	1.93	2.50

Source: PotashCorp

collective agreement language may require more extensive notice periods and may require the parties to negotiate.

Prior to temporary layoffs, PotashCorp advises employees and/or their elected representatives. However, terms and conditions for layoffs remain as previously negotiated and/or as defined by company policy.

Joint Health and Safety Committees

Over 30% of the workforce is represented in formal joint management-worker health and safety committees, which typically operate at the facility level.

WORKPLACE HEALTH AND SAFETY

Injury Rates

After falling to record lows in 2004, PotashCorp's recordable and lost-time injury rates increased in 2005. The company responded by revitalizing its safety efforts. A Senior Safety Leadership Team was established to foster a safety culture throughout PotashCorp that eliminates behaviors and conditions that cause accidents. *See chart on previous page.*

Recording and Reporting Accident Statistics

PotashCorp's SHE management system prescribes a specific, timely reporting requirement for SHE events. It complies substantially with the International Labor Organization's *Code of Practice on Recording and Notification of Occupational Accidents and Diseases*. It also follows reporting and notification requirements in the countries where it operates: the United States, Canada, Trinidad and Brazil.

Absenteeism

Absenteeism rates held steady at the potash and nitrogen divisions. The phosphate division posted an increase. *See chart at right.*

ABSENTEEISM RATES

% hours absent

Division	2003	2004	2005
Potash	4.7	5.1	4.7
Nitrogen	3.2	2.8	2.8
Phosphate	2.5	2.3	4.2

Source: PotashCorp

TUITION REIMBURSEMENTS

2005

Country	Number of Employees	Total Disbursements (\$)
	Assisted	
Canada	36	\$16,884
United States	11	\$39,004
Trinidad	58	\$42,881
Brazil	11	\$7,332
Total	116	\$106,101

Source: PotashCorp

Fatalities

PotashCorp experienced one fatality in 2005. The incident occurred at the Lanigan potash mine in Saskatchewan.

HIV/AIDS

The Trinidad operation has introduced a comprehensive HIV/AIDS program that provides education and training, counseling, prevention and risk control, and treatment for workers with HIV/AIDS.

TRAINING AND DEVELOPMENT

Training

In 2005, employees at PotashCorp's operating sites each received an average of 52 hours of training. Areas of training were primarily:

- > Training to improve job skills (38% of training hours provided)
- > Safety training (19%)
- > Apprenticeship training (11%)
- > Crisis and emergency response training (11%).

Lifelong Learning

Employee training or assistance provided by PotashCorp to upgrade skills includes internal training courses, funding support for external training, and tuition assistance for college-level degrees. *See chart above.*

WORKFORCE DEMOGRAPHICS

Ethnic Composition of Workforce

PotashCorp tracks the workforce demographics at its US, Trinidad and Brazilian operations. The company expects to include similar data for its Canadian locations in its 2006 sustainability report. *See chart on next page.*

Gender Composition of the Workforce

PotashCorp tracks the gender composition of its workforce at all locations:

- > In the US, women hold 8.5% of all jobs and work in mostly clerical positions and professional jobs.

POTASHCORP WORKFORCE DEMOGRAPHICS BY EMPLOYMENT CATEGORY

% of PotashCorp's Workforce 2005*

	White	Black	Hispanic	Asian	American Indian	Other	Total
Managers	71.5%	13.2%	1.5%	12.3%	0.2%	1.3%	100%
Professionals	68.3	9.3	5.5	15.6	0	1.3	100
Technicians	30.9	30.3	2.1	33.1	0	3.6	100
Sales	80.6	6.0	12.0	1.4	0	0	100
Clerical	70.9	14.3	9.0	4.2	0	1.6	100
Skilled	81.8	15.6	2.3	0.1	0.2	0	100
Semi-skilled	71.5	22.9	5.3	0	0.3	0	100
Laborers/Service	54.8	45.2	0	0	0	0	100
Total	73.9	13.7	3.9	7.4	0.1	1.0	100%

*Legal and employee relations issues surrounding the collection and use of such data in Canada are currently being reviewed and addressed by the company. PotashCorp expects to be in a position to report this data next year.

Source: PotashCorp

- > In Canada, women hold 8% of all jobs with the majority of these in clerical and professional positions. At the Saskatoon head office, women comprise 46% of the corporate staff.
- > In Trinidad, women account for 10% of the workforce and hold mainly professional administrative, secretarial and clerical jobs.
- > In Brazil, women hold 20.4% of all jobs and work in mostly technical, clerical and administrative positions.
- > In Jordan, the company has four male employees all in management positions.

Women in Management

The percentage of management positions held by women has increased over the past four years. *See Gender chart at right.*

BOARD DIVERSITY

The Board of Directors had 12 members at the end of 2005. One-quarter were female and 8% were from minority groups. Ninety-two percent of board members were over age 50 and the remaining 8% were between the ages of 30 and 50.

GENDER DIVERSITY IN POTASHCORP'S MANAGEMENT

	2002	2003	2004	2005
% of Senior Management Positions Held by Women	29	31	38	38
% of Management Positions Held by Women	10	10	10	13

Source: PotashCorp

Human Rights

HUMAN RIGHTS POLICIES

PotashCorp has adopted several key corporate policies on human rights issues.

Rights of the Individual

Its *Code of Business Conduct (Code)* states that the company is committed to respecting the rule of law, conducting its business with integrity and respecting human dignity and the rights of the individual wherever it does business. PotashCorp supports and respects the principles of international human rights set out in the United Nations' Universal Declaration of Human Rights and the International Labor Organization's fundamental conventions.

Freedom of Association

Consistent with its commitment in its *Code* to respect the rights of the individual, PotashCorp acknowledges and respects a worker's right to freedom of association.

Child Labor and Forced Labor

The company respects the rights of individuals and does not use child labor or forced labor at any of its operations.

Non-Discrimination

The *Code* states that PotashCorp is committed to fairness in the workplace and will respect the rights, culture and dignity of all individuals. It will act fairly and justly and will not tolerate any form of discrimination or

harassment directed at any individual or group. The *Respect in the Workplace Policy* commits the company to provide a work environment free of unlawful discrimination, including harassment. It forbids any unwelcome conduct that is based on an individual's race, color, religion, gender, national origin, age, disability, ancestry, medical condition, marital status, veteran status, citizenship status, sexual orientation or any other protected status. The policy covers actions by any employee, supervisor, officer, director, vendor, customer or agent of PotashCorp.

Indigenous Peoples

Currently, PotashCorp has no specific policy on indigenous relations. It does not mine on land claimed by indigenous peoples and has no contracts that require indigenous hiring or contracting. The company has, however, begun a process of dialogue in Canada with First Nations' representatives to build an understanding of mutual needs.

Disciplinary Practices

The *Code* stresses that no retaliation will be taken against any employee for raising any concern, question or complaint in good faith.

Suppliers and Contractors

PotashCorp is increasingly involving its suppliers and vendors in its strategic vision. The quality of these business partners is evaluated on the basis of specific purchasing criteria and the *Code*, which require vendors to adhere to certain standards. Human rights issues are taken into consideration when purchasing decisions are made.



ADDRESSING AIDS AT POLICY LEVEL IN TRINIDAD

Responding to the seriousness of the HIV/AIDS epidemic in Trinidad and Tobago, PCS Nitrogen Trinidad has implemented an HIV/AIDS in the Workplace Policy designed to educate and inform employees about the disease.

"The policy supports both national and international efforts to reduce the spread of infection and minimize the impact of this devastating disease," said Ian Welch, Managing Director of the facility.

The United Nations' AIDS Report estimates that 2.6 percent of Trinidad's adult population, aged 15 to 49 years, is infected with HIV/AIDS. With a total population of approximately 1.3 million, the country had an estimated 27,000 people living with HIV/AIDS at the end of 2005.

The plant is using its quarterly employee newsletter to educate its workforce. Question and Answer segments deal with many important issues, including:

- unwarranted fears that you can get the infection simply by working in close proximity with a person who is HIV-positive or has AIDS;
- assurances that should an employee become infected, he or she may continue to work as long as they are able to perform their duties safely and in accordance with accepted performance standards; and
- the legal rights that a person who is HIV-positive, or has AIDS, possesses in Trinidad, including the right to privacy and confidentiality.

"Our policy is based on law and the best practices of education that have been developed by the National AIDS Program," Welch said. "By being proactive and providing employees with information from a recognized authority, we should be able to avoid dangerous misconceptions."

MANAGEMENT RESPONSIBILITY

Operational responsibility for human rights areas is divided among the COO, General Counsel, Senior Vice President, Administration and Vice President, Internal Audit, all of whom

have management responsibility for compliance-related matters.

MANAGEMENT SYSTEMS

PotashCorp provides awareness, training, monitoring and enforcement to ensure compliance with its human rights commitments. Key elements are:

- > Awareness training for employees
- > A whistleblower program for employees and suppliers
- > Enforcement procedures
- > Monitoring the supply chain.

HUMAN RIGHTS PERFORMANCE

Screening of Suppliers and Contractors

PotashCorp has identified 370 suppliers as "key vendors."

Documentation on human rights policies has been requested from all of these companies and 290 (80%) have provided it. Work continues on obtaining documentation from the remaining companies. To date, no companies have been delisted for their human rights performance.

Training in Human Rights

PotashCorp has taken steps to ensure all employees are aware of and understand its values and commitments to human rights.

Its *Statement of Core Values and Code of Business Conduct* was distributed to all employees in September 2003. Human rights issues addressed by the *Code* include respect for human dignity; respect for the rights of the individual wherever PotashCorp does business and no tolerance of discrimination or harassment directed at any individual or group. Every year, all employees are asked to sign a written confirmation of their compliance with the *Code*.

Training in corporate policies, including human rights policies, was given to employees at most PotashCorp operating sites in 2005.

Training of Security Personnel

Some PotashCorp security personnel are direct employees, others are contract employees. Contract security firms provide their employees with security training. Security training for PotashCorp employees is provided by the company or an outside security firm. The type of training provided is reviewed during a facility's annual security audit.

Incidents of Violations of Human Rights

There were no significant substantiated reported incidents of discrimination concerning employees or job applicants in 2005.

There were no violations of freedom of association or collective bargaining rights.

There were no incidents involving the rights of indigenous people.

PotashCorp does not use forced labor or child labor at any of its operations, and there were no incidents of either.

Operations are surveyed annually to establish the age of the youngest employees at each facility. Employees in all jurisdictions are significantly older than the legal minimum ages in those jurisdictions. The youngest employee in the company worked in Trinidad and was 18 years and 10 months at the end of 2005.

Procedures for Managing Complaints

To manage complaints and appeals, PotashCorp has in place:

- > Procedures for employees to submit complaints or grievances anonymously
- > Committees responsible for hearing, processing and settling disputes related to human rights issues
- > Feedback procedures for external stakeholder complaints



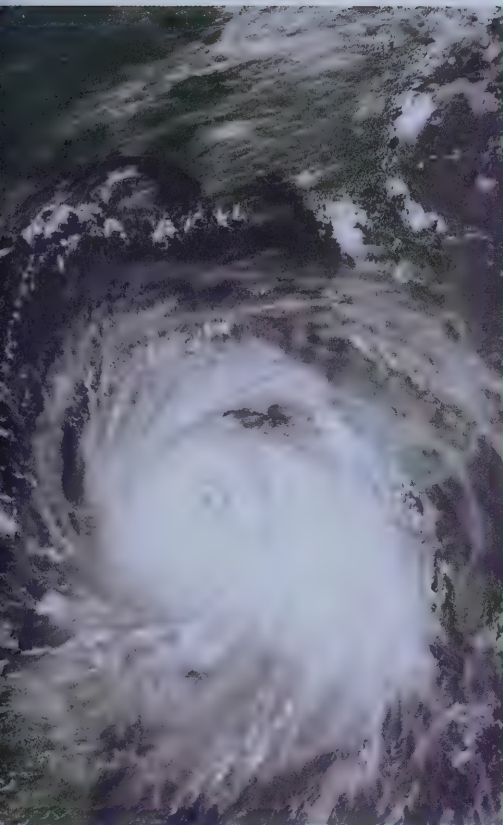
Kim Polizotto, Ph.D.

HELPING YOUNG MINDS GROW

PotashCorp is proud to be named by the *Wall Street Journal* as one of the 100 most innovative companies in the world. This recognition is a testament to the company's commitment to innovation and growth.

Our focus is on the future, and we are committed to creating a sustainable and profitable business for the long term. We are committed to the highest standards of ethical conduct and to the well-being of our employees and the communities in which we operate.

We are committed to the highest standards of ethical conduct and to the well-being of our employees and the communities in which we operate. We are committed to the highest standards of ethical conduct and to the well-being of our employees and the communities in which we operate.



COMPANY & EMPLOYEES

step up

IN HURRICANE'S WAKE

Situated near Baton Rouge, Louisiana on the Mississippi River, our PCS Geismar nitrogen plant was spared much of the destruction experienced by neighbors to the south in New Orleans. Our geographic good fortune made it all the more important to help.

Immediately after the hurricane, PotashCorp announced a \$250,000 donation to relief agencies throughout the Gulf Coast region. We also pledged to match our employees' donations. We removed minimum and maximum limits on our matching gift program, making it easier for employees to give, and they donated nearly \$42,600.

At the same time, Geismar employees were busy helping where they could. All told, the plant gave \$75,000 in volunteer hours and in-kind donations to organizations such as the Red Cross, Salvation Army and the Army National Guard.

"We did what we could to provide direct relief to organizations that needed it," said Fred Elliott, Geismar General Manager. "It was all about helping out neighbors. Our employees, too, showed how much they cared by taking people in and volunteering their time and talents."

Employee Jimmy Bordelon, for example, cooked thousands of meals at a church in Kenner, serving displaced residents, state relief workers and volunteers. He used a PotashCorp barbecue pit and food donated by the company.

- > Procedures for monitoring the treatment of employees who file complaints to ensure non-retaliation
- > Written protocol for the investigation and handling of complaints.

Whistleblower Program

The handling of concerns and complaints is an important aspect of business ethics. PotashCorp's *Code, Respect in the Workplace Policy* and other employee and vendor policies all provide a process for reporting policy violations.

The *Code* stresses that no retaliation will be taken against any employee or vendor for raising any concern, question or complaint in good faith.

The ComplianceLine introduced in 2004 provides an even more secure method for voicing grievances anonymously. It addresses the fact that in certain circumstances an employee or vendor may feel uncomfortable making a direct complaint.

The toll-free telephone service for employees and the separate telephone number accessible by vendors from anywhere in the world are available 24 hours a day. All concerns are received by trained professionals. Callers are given a follow-up date when a ComplianceLine communication specialist can share any response or feedback the company has made to the reported issue.

Societal Issues

KEY POLICIES

PotashCorp's approach to community and broader societal issues is shaped by two considerations. Its *Statement of Core Values* stresses that the company will operate under the very highest standards of business conduct and has clear policies and practices against bribery and corruption, monopoly practices and undue political influence. PotashCorp believes companies have a role in their communities beyond maintaining the quality of their products and the price of their stock. Therefore, one measure of the company's success is the economic activity it generates in the communities where it operates.



OUR COMMITMENT TO SAFE FEED/SAFE FOOD

safeguarding

THE FOOD ON YOUR TABLE

Our company's commitment to stringent product responsibility standards makes it only natural that PotashCorp would enthusiastically participate in the American Feed Industry Association's Safe Feed/Safe Food initiative.

In December 2005, all five of our North American feed plants earned Safe Feed/Safe Food certification. This tells our animal nutrition customers that our plants operate under strict safety and quality standards that guard against contaminants in our products.

"Participating in programs such as the Safe Feed/Safe Food initiative is a natural extension of how we do business," said Bill Doyle, PotashCorp President and CEO. "PotashCorp has always produced animal feed products that meet the standards this program sets for the industry."

Partnerships with certified suppliers are vital to ensuring product safety and quality, said Dr. Henry Turlington, Quality Assurance Manager for North American Nutrition in Lewisburg, Ohio, a PotashCorp customer.

Shawn Morse, lab technician at PotashCorp's Marseilles, Illinois feed phosphate plant, tests a product sample.

Specific policy commitments include:

Competition and Pricing

The *Code of Business Conduct* states that PotashCorp will always compete vigorously and independently in conducting its business. At all times it must maintain independence of judgment and action in producing, pricing and selling its products. It must never contravene antitrust or competition laws in any of the jurisdictions where it does business.

Bribery and Corruption

The *Code* makes it clear that PotashCorp will never offer, pay, solicit or accept bribes in any form, directly or indirectly. This includes facilitation payments. Employees must reject any demand for or offer of any kind of bribe and report it immediately to management. The *Code* also provides guidance on giving or accepting gifts and entertainment. It stresses that

business partners may not act on the company's behalf to contravene these commitments.

During the past year, the company provided training in: business ethics, antitrust and competition law, avoiding Foreign Corrupt Practices Act violations, addressing potential whistleblower claims, record retention policies, and workplace harassment.

Public Policy Involvement

Given its significant role in the business of modern agriculture, it is important for PotashCorp to participate in business discussions and public policy debates. The company supports membership in organizations that aim to maintain a sound business environment, such as trade associations. Through active trade association memberships, public affairs activities and political lobbying, PotashCorp tries to take a leadership role in many of these discussions.

Communities

The *Code* commits the company to support the communities where its employees live, and to work through local programs and initiatives that help generate local economic activity.



See a detailed list of community meetings at www.potashcorp.com/2005SR/social.

MANAGEMENT RESPONSIBILITY

Operational responsibility for societal issues is divided among the General Counsel, who has oversight over antitrust and corruption issues; the CEO and the Senior Vice President, Corporate Relations, who share responsibility for public policy development and communications; the Senior Vice President, Administration, who has responsibility for corporate grants and the PotashCorp matching gift program; and plant General Managers, who are responsible for development of community programs in their regions.

MANAGEMENT PROCESSES

PotashCorp uses a variety of processes and procedures to ensure compliance with its societal commitments.

Building awareness, providing training, monitoring and enforcing are at the core of its procedures to ensure all employees and officers of the company live up to its commitments to prevent corruption and anti-competitive behavior.

The company manages community impacts by working with community representatives to ensure that local benefits flow from employment growth and procurement of goods and services; encouraging employment and local sourcing; implementing a matching gift program to ensure local communities benefit from corporate and employee donations; dialoguing with communities to identify ways in which PotashCorp can contribute to sustainable local economic growth; and ensuring that community representatives are alerted in a timely way to any plant expansions, closures or temporary shutdowns.

SOCIETAL PERFORMANCE

Managing Impacts on Communities

PotashCorp holds periodic meetings in its communities to address concerns and alert the public to changes at its operations that could affect them. In 2005, 59 community meetings were held.

COMMUNITY DONATIONS

PotashCorp supports charitable causes through corporate grants, matching contributions and in-kind donations.

- > Corporate grants totaled \$2.8 million, a 40% increase over 2004. Much of the increase was due to major corporate commitments to disaster relief efforts related to the Asian tsunami and Hurricane

Katrina. A donations committee reviews requests for financial assistance and determines recipients.

- > The company's contributions under the matching gift program totaled \$483,000, a \$41,000 improvement over 2004. US and Canadian United Way organizations were major beneficiaries of these donations.
- > Company employees contributed \$483,000 to charitable organizations. This amount was matched under the matching gift program.
- > PotashCorp and its employees support their communities through company-sponsored volunteerism and non-cash donations of goods and services. This totaled \$757,000 in 2005.



See a detailed list of donations by category at www.potashcorp.com/2005SR/social.

Matching Gift Program

The PotashCorp matching gift program is a powerful way for employees to direct corporate donation dollars to the charitable causes they consider most important to their communities. The company matches employees' eligible donations dollar for dollar.

Recent improvements to the program include a reduction of the minimum gift that PotashCorp will match from \$50 to \$25 and raising the maximum that PotashCorp will match from \$3,000 to \$5,000 per employee per year. These changes should result in significant additional benefits to communities.

Scholarships

PotashCorp provides college scholarships for selected children of employees at all locations. Scholarships awarded in 2005 totaled \$64,000, with 28 one-time \$1,000 divisional

scholarships and 12 corporate awards of \$3,000 annually for four years. Including first-time awards and corporate awards made in the preceding three years, \$163,000 was disbursed.

All scholarship winners receive the same divisional or corporate monetary award, regardless of country of residence.

EMERGENCY TRAINING PAYS OFF

Contract worker Ron Hengst felt the worst pain of his life as he was driving to the PCS Geismar plant on June 6, 2006. He made it to the facility and parked. The next thing he remembers is being loaded into a helicopter en route to a hospital.

Ten emergency rescue team members from PotashCorp's Louisiana nitrogen facility had raced to help Hengst within minutes of his pulling into the parking lot. His chest pain came from the complete blockage of an artery to his heart.

"If it hadn't been for them, I wouldn't be here today," said Hengst, who works for Plant Maintenance Services Inc. "I just went over to the facility the other day. I think I saw everybody at the plant. I'm glad I got to thank them."

"We make sure that our employees get the right training in emergency response," said Fred Elliot, Geismar Plant Manager. "It speaks to the culture at the plant that so many of our emergency responders came to the call so quickly. Mostly we are just happy to see Ron Hengst back on his feet and so far along the road to recovery."

Addressing Corruption

Risk Analysis

In 2005, PotashCorp hired a consultant to perform a Fraud Vulnerability Assessment. This was a high-level review to identify potential fraud vulnerabilities and make recommendations to mitigate the risk and impact of any identified threats or vulnerabilities. The assessment determined that the risk of a fraud-related event occurring at PotashCorp is low, and noted that ethical behavior is expected of every employee.

Fraud Tracking Procedures

Although very few fraud-related incidents were reported or detected during the past five years, the Legal department has developed a formal process for reporting and tracking detected violations. Each year it reports

on the number of complaints and their nature. This report goes to the audit committee for review.

Incidents of Legal Violations

In 2005, two employees were dismissed for participating in a corruption scheme.

In no cases were contracts with business partners not renewed due to violations related to corruption.

No legal cases regarding corrupt practices were brought against PotashCorp or its employees in 2005.

No legal cases were pending or completed regarding anti-competitive behavior or violations of anti-trust and monopoly legislation in which PotashCorp was identified as a participant.

Participation in Public Policy Development

Political lobbying takes place primarily

through public affairs activities; through the activities of fertilizer associations in the United States and Canada; and through registered lobbyists in North Carolina and Florida. The PotashCorp Political Action Committee (PAC) was created in 2003, and is funded solely by US employees to make specific political contributions at federal, state and local levels.

Political Contributions

In 2005, the PotashCorp PAC made contributions in the United States totaling \$15,000. Of this, \$10,000 went directly to political candidates and \$5,000 was transferred to The Fertilizer Institute's PAC, which made the political contributions.

The company does not make in-kind contributions to political parties.



radar technology to make mines safer

Potash mining can be made safer if you know more about the material in the roof at the active mine heading, and PotashCorp is at the forefront of technical innovations that make it possible to look above the mine roof surface.

PotashCorp is developing radar devices designed to improve the safety of its underground mining operations.

Product Responsibility

KEY POLICIES

PotashCorp has adopted policy commitments designed to ensure customers benefit from its products and experience no harm from their use.

Product Responsibility

The SHE Policy states that PotashCorp will assess, manage and communicate any hazards associated with its products. It will communicate up-to-date information to help users and others handle its products in a safe and environmentally responsible manner.

Customer Satisfaction

The *Code of Customer Commitment* sets out the company's commitment to satisfy its customers by delivering what they want and need. The company aims to provide the highest quality products and service at a competitive price and in a timely manner.

Customer Privacy and Confidentiality

The *Code of Business Conduct* states that PotashCorp will maintain the confidentiality of information entrusted to it by its customers, except where disclosure is authorized or required by law. The company will respect the privacy of all individuals for whom it maintains any personal information. It will collect, use and disclose personal information only with the knowledge and permission of the affected person, unless otherwise permitted by local laws.

MANAGEMENT RESPONSIBILITY

The President of PCS Sales has overall operational responsibility for product integrity and customer satisfaction issues at PotashCorp. The General Counsel shares responsibility for customer privacy issues. The Vice President of SHE shares the

responsibility for product safety procedures and stewardship under the SHE management framework.

MANAGEMENT SYSTEMS

PotashCorp utilizes a variety of processes and procedures to ensure compliance with its commitments to product responsibility and customer satisfaction. For example:

- > *Code of Customer Commitment*
- > Annual customer surveys measure needs and satisfaction
- > SHE policy expectations on product safety
- > Feed plant certification.

Product analysis, education, labeling, customer service and certification are at the core of PotashCorp's efforts toward customer health and safety.

"As we mine, we want to be able to see what's above us," said Raoul Gauthier, Vice President of Technical Services. "What we are developing is pretty leading-edge. It would give us more information about the area being mined than we've ever had before."

PotashCorp is testing two prototype devices that use radar to look beyond the mine face.

"The first prototype will map clay deposits as the rock is being cut, so that mine equipment operators can see potential problems before they occur," said Arnfinn Prugger, Manager, Earth Sciences at PotashCorp. The radar device would show these conditions in real time, allowing for a quick response.

"The most hazardous place is still at the area where you're mining — at the face — where you need to be able to see these clay formations right away," Prugger said.

The second prototype maps splits in the rock. If these separations are left unchecked, a mine roof can become unstable. The new device would allow movements or separations in the rock to be monitored from a remote location.

Prugger and a team of engineers have been working on the two devices since 2001. The clay mapping prototype is scheduled to be working full-time at a mine test site in the fall of 2006. The second prototype is targeted for a full trial later in the year. Full deployment of

the devices throughout PotashCorp mines will proceed after further testing.

"We've shared our progress with other potash mining companies in Saskatchewan, and we'll continue to have a full and open exchange of information," Prugger said. "This is about the safety of everyone in the business. Other companies are doing similar work, but we're the furthest along on radar technology."



Product Analysis

All products are assessed for safety, health and environmental risks before leaving the plant and periodically reassessed for any changes resulting from new information or new uses and markets.

Products also are assessed during use. Reports of any adverse effects that could be related to the company's products are collected and analyzed.

Animal Testing

PotashCorp does not conduct animal research studies directly. All product biological efficacy research studies are conducted by outside licensed organizations using protocols and test standards approved as safe and ethical for treatment of animals. The company is concerned about animal welfare and requires outside services to meet exacting standards for safe and ethical treatment of animals.

Plant Certification

All of the company's US feed plants are certified under the American Feed Industry Association's Safe Feed/Safe Food certification program. Under this program, all facilities that receive ingredients or products and recombine them to create a product with a new identity must have a system of ingredient lot tracking and product tracing. Ingredient lot tracking records the individual ingredient lots used in the manufacturing process and tracks each to its respective finished products. Product tracing provides a complete list of all ingredient lots used in any finished product.

Customer Education and Information

PotashCorp informs customers of any potential hazards associated with products and the best ways to use those products. Whether used for crop fertilization, livestock nutrition or

industrial applications, products require careful storage, handling and application.

Up-to-date information on safety, health and environmental hazards and risks related to the use, storage, handling, transport and disposal of PotashCorp products is available to the workforce, customers and others. Product literature, safety videos and Material Safety Data Sheets (MSDS) provide thorough guidance on proper product use. MSDS, labels and other information are developed and issued to handlers and users in accordance with legislative, regulatory and customer requirements, and as information changes. Online product information is available on PotashCorp's website.

Labeling

The company is subject to feed and fertilizer labeling requirements in most jurisdictions where it makes or sells its products. Product labels are reviewed regularly to ensure they comply with all laws and regulations.

Customer Surveys

PotashCorp surveys customers annually, using the information gathered to set targets for improvement in areas of customer satisfaction.

PERFORMANCE

Ensuring Health and Safety in Production and Marketing

PotashCorp has procedures in place for assessing and ensuring health and safety at the following production and marketing stages of the product life cycle:

- > Manufacturing and production
- > Marketing and promotion
- > Storage distribution and supply
- > Use and service
- > Product certification.

Fertilizer, as a product, does not pose problems for disposal and cannot be reused or recycled after use.

Product Information

Prior to a new product being available for shipment, data specification sheets and an MSDS must be completed. These inform customers about proper handling of the product and its guaranteed analysis.

PotashCorp has procedures in place that provide the following product information:

- > Sources of product components
- > Contents
- > Safe use of the product
- > Disposal of the product and environmental or social impacts.

Product Labeling

PotashCorp meets product registration and labeling requirements in all its markets.

It is subject to feed and fertilizer labeling requirements in most jurisdictions where it makes or sells its products. For example, labeling requirements (which are similar for each state in the United States) generally require the following information:

- > Brand and product name
- > Guaranteed analysis
- > List of ingredients
- > Directions for use and any warning or caution statement
- > Name and address of manufacturer/guarantor
- > Quantity statement
- > Sources.

State officials inspect labels and review samples of PotashCorp's products to ensure they are manufactured and distributed according to specifications.

Product labels are reviewed regularly to ensure they comply with all laws and regulations.

Advertising

PotashCorp's long-standing practice is to ensure extensive internal review of all advertising for technical accuracy and legal compliance.

Results of Customer Surveys

The company's 2005 customer surveys showed that PotashCorp outperformed the industry average for quality and service in all key product categories — fertilizer, animal feed, industrial nitrogen and purified phosphates — and was a preferred supplier in each.

It has always been a leader in customer service, an important differentiator and competitive advantage. Its average score on a survey question about ease of placing an order and response to problems was approximately 10% higher than the average of its competitors, in all four customer groups.

The 2005 surveys also identified a desire among key customer groups for more market information. In response, the company increased the frequency of the newsletters it publishes for each customer group. Each issue now dedicates a full page to market-specific trends and analysis. Customers are also referred to a comprehensive *Market Analysis Report* posted on the company's website.

Compliance with Regulations

In no instances have PotashCorp products failed to comply with health and safety regulations.

Over the years, there have been rare cases of "stop sale" orders if a label is missing or a bag of fertilizer is found to be mislabeled.

PotashCorp has not identified any non-compliance with regulations concerning marketing communications.



Coming off a year with record low injury rates to PotashCorp employees and contractors at its facilities, a rise in injuries in 2005 made clear that strong safety leadership was needed from the company's top echelon.

The Senior Safety Leadership Team formed in early 2005 brought together the Chief Operating Officer, the heads of the potash, phosphate and nitrogen divisions, the Vice President of Safety, Health and Environment and the senior director of safety and health.

"Through more explicit corporate leadership in safety, we are providing clearer safety direction and driving consistency throughout the organization," said Jim Dietz, Executive Vice President and COO. "The team's ambition is 'No harm to people through an incident-free culture.' We strive for our employees, contractors and business partners to be highly

motivated and fully engaged in improving our safety performance."

In 2006, each site was required to develop a Safety Action Plan to be approved by its division president. In addition, salaried employees' compensation was aligned with appropriate site safety performance measures that foster full reporting of incidents and completion of comprehensive investigations with follow-up actions aimed at eliminating risk.

The team continues to chart the course of safety efforts by evaluating and monitoring key measures of safety. These include having all employees at all sites complete Organizational Culture Diagnostic Inventory surveys and providing guidance and direction on safety action plans, audits of key procedures and safety measurement systems.

PotashCorp's Senior Safety Leadership Team is composed of, from left, Clark Bailey, Vice President, Manufacturing and Technical, for PCS Nitrogen; John Hunt, Vice President, Safety, Health and Environment; Jim Dietz, Executive Vice President and Chief Operating Officer; Garth Moore, President, PCS Potash; Tom Brower, Senior Director of Safety and Health; and Tom Regan, President, PCS Phosphate.

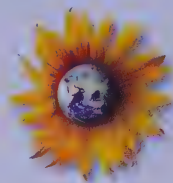




ONE environment

POTASHCORP'S ENVIRONMENTAL PERFORMANCE

These lush wetlands and lakes are teeming with plants, birds and fish — not to mention hikers, hunters, fishing enthusiasts and bird watchers.



ENVIRONMENTAL
PERFORMANCE



RECLAIMED LAND

creates

A HOME FOR WILDLIFE

There's no other place in north-central Florida like it. Where PotashCorp once mined for phosphate at White Springs, our land-reclamation efforts have created a welcoming environment that has lured back the flora and fauna.

We've reclaimed more land, some 11,000 acres, than we've mined in the past decade. With its rich biodiversity, much of that land is a Wildlife Management Area supervised by the Florida Fish and Wildlife Conservation Commission (FWC).

Each year, the PotashCorp property is at the center of a 15-mile-radius bird count area. Avid bird watchers flock here to see how many avian species they can tally.

"I love birding up there because I always see a lot of fascinating things," said Jerry Krummrich, Regional Freshwater Fisheries Administrator with the FWC. "We find sea birds that you don't normally see around here. Of the 115 species we saw last year, 105 were in the PotashCorp area."

Krummrich noted that he teaches birding classes on the property, and "everyone is awestruck because it is such a unique place to see so many different kinds of birds."

The site's lakes are equal in biodiversity.

"Because the reclaimed lakes are more fertile, they grow more fish food and therefore more fish than other lakes in the area," Krummrich said. "I've seen more fish, more snakes, more ibis, herons and ducks."

The fishing is good. The state stocks Eagle Lake with a hybrid white bass. Anglers are allowed to fish there, as well as in another public-access lake on the property.

"We manage the lakes, control the vegetation and allow people to launch their boats — as long as they don't use outboard motors, adding pollutants to the lake," Krummrich said.

"PotashCorp was clear they didn't want outboards on the lake. We're thankful that they open the property up as much as they do and are so willing to let the public enjoy it."

"We like that our reclamation efforts can be seen and that the property can be used by our neighbors," said Stan Posey, Manager of Environmental Affairs at PCS White Springs. "It fits our commitment to both the environment and the community."

The Importance of Environmental Sustainability

PotashCorp's commitment to the environment reduces risk, and in some cases, lowers costs and improves operational efficiency while strengthening stakeholders' trust, improving facility performance and producing a cleaner environment. This helps protect the company's reputation and gives it a distinctive leadership position in every area of its business around the world.

Policies and Management Systems

POLICY COMMITMENTS

According to its *Safety, Health and Environment (SHE) Policy*, the company's long-term goal is no damage to the environment from its operations. It aims to achieve this by continuing to reduce waste, emissions and discharges, and by using energy efficiently.

The *SHE Policy* sets out the following commitments and expectations with respect to energy, water, biodiversity and wastes.

- > The company aims to lessen the environmental impacts of its operations by using energy efficiently and minimizing its use.
- > Facilities are designed and built to minimize air emissions and water discharges, while meeting federal, state/provincial and local regulatory requirements.
- > Facilities are designed, built and operated to minimize impacts on biodiversity.
- > Facilities are operated and maintained to minimize impacts

associated with emissions and effluents. Comprehensive waste management programs are in place to ensure that wastes are minimized, reused, recycled or disposed of properly.



See PotashCorp's commitments at www.potashcorp.com/sustainability/SHE_gateway.

ENVIRONMENTAL MANAGEMENT SYSTEM

PotashCorp has a management framework to support the planning, implementation and review of its environmental programs.

Performance Expectations

This SHE management system sets out 88 performance expectations integrated into 13 elements of accountability. It is designed to help line managers focus on critical needs, forecast and allocate resources, set direction for activities and consistently improve safety and environmental performance.

Accountability

Accountability rests with facility or location leaders, who put appropriate systems and processes in place and ensure continuing progress towards the company's long-term SHE goals and annual SHE targets.

Training

Employees receive ongoing training to support the implementation and operation of the SHE management system. Procedures have been developed for suppliers and contractors, and emergency plans are regularly tested.

Corrective Action

Incidents are reported, investigated and analyzed to prevent recurrence and improve performance. Investigations focus on root causes and/or system failures. Corrective actions and

preventive measures are taken to reduce the likelihood of future incidents.

Assessments and Audits

Checking and review take place through external assessments. Periodic audits review key internal controls.

Reporting

The *SHE Policy* commits PotashCorp to produce an annual SHE assurance report that summarizes progress and planned activities. This has been integrated into the company's annual sustainability report.

MANAGEMENT RESPONSIBILITY

Leaders at all PotashCorp levels are responsible for engaging the workforce and meeting the company's SHE goals and objectives. The Vice President of Safety, Health and Environment oversees the consistent application of *SHE Policy* and expectations in all operations.

Facility or site leaders are responsible for putting appropriate systems and processes in place for each SHE expectation, for ensuring continuing progress toward SHE goals, for meeting annual targets and for using the SHE assessment system to confirm these processes are effective.

PotashCorp's CEO and Board of Directors are regularly assured of effective implementation of the SHE commitment and expectations. Along with requisite external corporate SHE assessments, each facility assesses itself annually against these expectations.

Environmental assessments and environmental compliance audits are periodically conducted to review key internal controls. The safety, health and environment committee of the board reviews these assessments and compliance audits.

ENVIRONMENTAL GOALS AND PERFORMANCE

2005 Targets

2005 Results

● Achieved ● Partially Achieved ○ Not Achieved

Goal: To have no harm to people, no accidents and no damage to the environment.

- | | |
|--|---|
| 1. Reduce the number of environmental releases and permit excursions by 25%. | ● Releases and permit excursions were reduced by 37%. |
| 2. Achieve 100% compliance on all environmental and safety audit items. | ● 100% compliance was achieved. |
| 3. Achieve energy efficiency in nitrogen 2% better than in 2004. | ○ Energy efficiency in nitrogen remained the same as in 2004. |

Goal: Refine corporate management systems to achieve sustainability goals.

- | | |
|---|--|
| 1. Establish proactive SHE key performance metrics and incorporate them into the company's 2006 targets and performance measurements. | ● This was completed and includes monthly performance reports. |
|---|--|

GOALS AND PERFORMANCE

PotashCorp's long-term goal is no damage to the environment. To that end, it sets long-term environmental and energy goals, and annual targets. The 2005 goals and results are listed in the table at left.

ENVIRONMENTAL AWARDS

PotashCorp received several awards for its environmental performance in 2005, as set out at left.

FINES

Fines for non-compliance with environmental regulations in 2005 totaled \$1,100. See chart at left.

Environmental Performance

ENVIRONMENTAL EXPENSES

Total Expenses

In 2005, PotashCorp incurred nearly \$118 million to address environmental issues.

Operating expenses for meeting our environmental commitment, and compliance with environmental laws and regulations governing operations, are rising and totaled \$107 million in 2005. Capital expenditures to meet pollution prevention and control objectives were almost \$11 million. See chart on next page.

Environmental Expenses by Division

The phosphate division accounted for 62% of total environmental expenses in 2005, potash 24% and nitrogen 14%. In all divisions, operating expenses accounted for most of the environmental spending. Capital expenditures related primarily to pollution abatement and prevention. See chart on next page.

ENVIRONMENTAL AWARDS IN 2005

Aurora's reclamation at Whitehurst Creek included enhancements to the aquatic culture and stream system, and the area is again home to fish, birds and other wildlife. This project received several awards:

- The Mining Stewardship Award from the North Carolina Division of Land Resources
- The Kenes C. Bowling Non-Coal National Mine Reclamation Award from the Interstate Mining Compact Commission
- The Outstanding Reclamation Award from the National Association of State Land Reclamationists.

Geismar received an award from the Louisiana Chemical Association for significant reductions in its Toxic Release Inventory emissions.

ENVIRONMENTAL FINES

dollars

	2002	2003	2004	2005
Total Environmental Fines	14,450	28,510	4,970	1,100

Source: PotashCorp

ENVIRONMENTAL EXPENSES BY CATEGORY

The major 2005 categories were:

- > Operating expenses for pollution abatement and control, and waste management, mainly in phosphate, \$38.4 million.
- > Site reclamation costs, \$19.8 million, mainly in phosphate (96%).
- > Operating costs for pollution prevention, \$20.5 million, including processes, practices, materials and products that avoid or minimize the creation of pollutants or waste. Potash accounted for more than 55% of these expenses.
- > Environmental monitoring costs, \$13.1 million, included equipment, supplies, labor and purchased services required to monitor pollutants emitted. Most of these expenses were in phosphate and nitrogen.



For a multi-year listing of expenses by category, see www.potashcorp.com/2005SR/environment.

REMEDIATION OBLIGATIONS

PotashCorp restores and reclaims sites after mining, with expenses averaging \$17.5 million annually over the past four years.

In some cases, remediation is not possible until a mine closes. At the end of 2005, the company had accrued \$92 million for asset retirement obligations.

PotashCorp incurs costs and liabilities related to past waste disposal practices at some sites previously owned by other companies.

It is engaged in site assessment and/or remediation activities at some facilities, including sites it no longer owns. It works with regulatory authorities in this regard.

ENVIRONMENTAL EXPENSES*

\$ millions

	2001	2002	2003	2004	2005
Operating Costs	68.3	66.5	73.4	90.6	107.0
Capital Costs	27.8	15.5	13.1	7.9	10.6
Total Environmental Expenses	96.1	82.0	86.5	98.5	117.6

*Including reclamation costs
Source: PotashCorp

ENVIRONMENTAL EXPENSES BY DIVISION

\$ millions

	2001	2002	2003	2004	2005
Potash	16.4	14.4	18.4	25.1	28.3
Phosphate	60.0	51.3	53.1	59.1	73.0
Nitrogen	19.7	16.3	15.0	14.3	16.3
Total Environmental Expenses	96.1	82.0	86.5	98.5	117.6

Source: PotashCorp

MATERIALS MINED OR CONSUMED

2005

Mined Potash Ore	24,318,525	tonnes
Mined Phosphate Rock	7,510,000	tonnes
Natural Gas	145,652	BBtu
Sulfur	1,979,396	long tons
Ammonia	1,761,809	tonnes
Limestone	282,201	tonnes

Source: PotashCorp

Use Of Materials

MATERIALS USED

The principal materials used in PotashCorp's operations are mined potash ore and phosphate rock, natural gas in nitrogen production and sulfur, ammonia and limestone in phosphate products. *See chart above.*

RECYCLED MATERIALS

Few recycled materials and wastes are used, except recovered sulfur (a byproduct of oil refining or natural gas production) in producing phosphoric acid.

PotashCorp's Energy Performance

PotashCorp uses energy in its mining and milling processes, its chemical manufacturing operations and in transportation.

DIRECT ENERGY USE

The company's operations are energy-intensive, particularly in nitrogen where more than 30 MMBtu of natural gas are required to produce one tonne of ammonia.

POTASHCORP'S DIRECT ENERGY USE

000 TJ

	2002	2003	2004	2005
Total Energy Used	174.5	161.7	153.8	153.9

Source: PotashCorp

POTASHCORP'S ENERGY USE BY DIVISION

% of total

	2001	2002	2003	2004	2005
Potash	6	7	7	8	8
Phosphate	11	11	15	16	17
Nitrogen	83	82	78	76	75
Total Energy Use	100%	100%	100%	100%	100%

Source: PotashCorp

ENERGY EFFICIENCY BY DIVISION

TJ/000 tonnes of production

	2002	2003	2004	2005
Potash	2.00	1.85	1.71	1.63
Phosphate	13.40	12.50	12.10	12.00
Nitrogen	29.20	29.40	29.20	29.30

Source: PotashCorp

ENERGY COSTS

\$ millions

	2002	2003	2004	2005
Total Energy Costs	500	653	684	762

Source: PotashCorp

WATER USED BY SOURCE

million cubic meters

	2002	2003	2004	2005
Well Water	19.9	20.6	19.5	18.3
River Water	54.9	54.3	48.5	40.0
Municipal Water*	7.8	7.4	7.2	7.5
Recycled Water	246.2	253.2	256.9	261.8
Total Water Used	328.8	335.5	332.1	327.6

*Including desalinated

Source: PotashCorp

Total direct energy use was 153,900 tera joules (TJ) in 2005, with the nitrogen operations accounting for 75% of this. *See chart at left.*

The decline in energy consumption is primarily due to lower ammonia and urea production since the indefinite shutdown of those operations at Memphis and Geismar in 2003. Over the past four years, on a relative basis nitrogen has used a decreasing share of energy while phosphate's needs have increased. *See Energy Use by Division chart at left.*

INDIRECT ENERGY USE

Indirect energy, such as that consumed by power companies and in transporting products to market, is not tracked at present by PotashCorp.

ENERGY EFFICIENCY

Between 2002 and 2005, energy efficiency improved 19% at the potash facilities and 10% at the phosphate operations. Nitrogen energy requirements per tonne were essentially unchanged. *See chart at left.*



For examples of our energy efficiency activities, see www.potashcorp.com/2005SR/environment.

SOURCES OF ENERGY

The major sources of energy used by PotashCorp in 2005 were cogeneration and waste heat recovery (37.5%), natural gas (31%), carbon fuels such as coal, diesel and fuel oil (27.5%) and purchased electricity (4%).

ENERGY FROM COGENERATION AND WASTE HEAT RECOVERY

PotashCorp has taken several steps to optimize the generation of electricity or power by capturing the waste heat from its operations. It has also taken advantage of cogeneration opportunities.

training

With more than 100,000 shipments of products by rail, water and road each year, PotashCorp employees are vigilant about protecting themselves, their customers and their communities from spills and accidents.

"Training and follow-up make the difference," said Mike Sylvester, Senior Director of Transportation and Distribution. "Employees who handle hazardous materials are required to be recertified every three years, and plant trainers participate in 'train-the-trainer' programs every other year. In addition, all production sites conduct refresher training programs annually."

In 2005, PotashCorp made 103,000 shipments and experienced 10 incidents involving the release of hazardous materials. All 10 releases were "non-accidental" — meaning they were not caused by an accident to a shipping vehicle.

Each incident triggers a Flash Report, which goes out to all the plants. This enables all PotashCorp transportation managers to learn from these incidents. "Sometimes we find we need to go back to the basics, ensuring that everyone is looking for loose fittings or bad valves," noted Sylvester.

The result of these efforts is safer shipping over the long run that has earned PotashCorp numerous transportation awards. The Aurora phosphate operation has received Norfolk Southern Corporation's Thoroughbred Safety Award two years running. The award recognizes companies that have completed the year without a hazardous shipping violation.

"PotashCorp's attention to detail, training and constant communication with us have a lot to do with their ability to avoid problems," said Dick Raup, Norfolk Southern's National Account Manager.



Our Aurora phosphate facility has instituted a rail yard safety effort to reinforce proper safety behavior. Above, Bill Williams, an Aurora rail loading operator, demonstrates the proper way to dismount from a railcar.



For examples of our cogeneration activities, see www.potashcorp.com/2005SR/environment.

ENERGY COSTS

Despite declining energy consumption at its operations, PotashCorp's energy costs have increased significantly over the past four years — reflecting the higher prices paid for natural gas, carbon fuels and electricity. See *Energy Costs* chart on previous page.

Water

WATER CONSUMPTION

Water use was 328 million cubic meters in 2005, and 80% was recycled. See *Water Use by Source* chart on previous page. Phosphate accounted for 86% of water used by the operating divisions. Water is used to separate phosphate rock from clay and sand, and most is recycled. The rock is mixed with the

recycled water into a slurry that is pumped to the processing plant, where it is screened to remove coarse materials, washed to remove clay and floated to remove sand. See *Water Use by Division* chart above.

WATER RECYCLING

Recycled water normally accounts for about three-quarters of PotashCorp's water consumption. Recycling occurs at all sites, but most extensively at the phosphate operations.

WATER USE BY DIVISION

% of total	2002	2003	2004	2005
Potash	2.8	2.8	2.7	2.5
Phosphate	82.0	83.4	82.7	86.3
Nitrogen	15.2	13.8	14.6	11.2
Total Water Used	100.0	100.0	100.0	100.0

Source: PotashCorp

IMPACT ON WATER SOURCES

Significant portions of PotashCorp's phosphate reserves at Aurora are located in wetlands. The permit to mine these areas requires mitigation of wetland impact. Land has been acquired adjacent to the facility for mitigation purposes.

In Florida, wetlands must be reclaimed at least acre for acre. PotashCorp's permits and related agreements with federal, state and local

EMISSIONS TO WATER

000s tonnes

	2001	2002	2003	2004	2005
Salt as Brine to Sea	351.6	372.8	364.3	417.5	580.2
Nitrogen as N	0.397	0.484	0.490	0.520	0.527
Fluoride	0.124	0.120	0.193	0.238	0.238
Phosphorus	0.206	0.275	0.189	0.276	0.493
Methanol	0.065	0.072	0.058	0.048	0.054

Source: PotashCorp

POTASHCORP INITIATIVES TO PROTECT AND RESTORE ECOSYSTEMS

Rocanville	1,490 hectares preserved as natural aspen parklands. Developing wetland with Ducks Unlimited as waterfowl marsh.
Patience Lake	Two wetlands being preserved on the property are part of the Acres for Wildlife program of the Saskatchewan Wildlife Federation.
Lanigan	800 hectares converted to permanent grasslands. More than 9,000 trees and shrubs planted. Developed wetland area attracting waterfowl.
Allan	Approximately 1,000 trees and shrubs have been planted around the mine site. Wetlands and natural forest within the 3,000-hectare area around the operation are left in a natural state and cannot be cultivated.
Cory	240 hectares maintained naturally as wildlife habitat. More than 2,000 trees planted.
White Springs	35 reclamation projects cover more than 4,500 hectares. About half the projects, and one-fourth of the area, involve wetlands restoration. Approximately seven million trees planted.
Aurora	Considerable effort spent on land reclamation and wetland mitigation, covering 2,352 hectares over the years. About 2.1 million trees planted.
Cassidy Lake	Site personnel are involved with fisheries and wildlife initiatives (Hammond River Angling Association and Ducks Unlimited).

Source: PotashCorp

DIRECT GREENHOUSE GAS EMISSIONS

000s tonnes

	2002	2003	2004	2005
Carbon Dioxide (flue)	3,971	3,869	3,323	3,156
Carbon Dioxide (process)	2,654	2,485	2,412	2,568
Nitrous Oxide (as CO ₂ equivalent)*	2,103	1,908	1,780	1,387
Methane (as CO ₂ equivalent)*	25	23	24	29
Total GHGs (as CO₂ equivalent)	8,753	8,286	7,540	7,140

*GHG emissions require a conversion factor to reach reported totals as CO₂ equivalents.

Source: PotashCorp

regulatory authorities require additional mitigation through preservation of certain sensitive lands from mining, assistance with wetland enhancement or restoration on public lands, granting of conservation easements, off-site mitigation and defined contributions for public acquisition of environmentally sensitive lands in the region.

Phosphoric acid production creates gypsum, which is normally stored in above-ground stacks. Stacks must be closed once they reach the end of their useful lives. Closure includes capping, resloping, water management and long-term care, specified by regulation. The inactive portions of the gypsum stacks at Geismar are capped, with water management systems in place.

WASTES TO WATER

The most significant waste that PotashCorp discharges to water is salt as brine, discharged by the New Brunswick potash operation into the Bay of Fundy. *See Emissions to Water chart at left.*

Biodiversity

LAND USED

In 2005, PotashCorp conducted production and mining activities on 69,437 hectares of company-owned land. Phosphate operations had 55,893 hectares, 1% of it impermeable (covered by roads, buildings or other fixed structures). Nitrogen operations totaled 574 hectares (15% impermeable) and potash 12,970 hectares (1% impermeable).

MANAGING BIODIVERSITY

PotashCorp takes steps to understand, avoid, minimize and mitigate biodiversity impacts throughout the life cycle of its operations. It believes biodiversity is promoted by enhancing or preserving habitat at and near its operations.

The company takes steps to minimize negative impacts on the surrounding lands and water, which allows natural biodiversity to continue. To this end, its SHE management system sets out a number of expectations.

Facilities are designed and constructed to minimize impact on biodiversity and other environmental impacts, while meeting federal, state/provincial and local regulatory requirements. Where these regulatory requirements are absent, PotashCorp strives to develop standards that appropriately protect people and the environment. Facilities must be operated and maintained to minimize impacts on biodiversity.

All facilities are expected to report performance data as part of the company's SHE reporting requirements.

INITIATIVES TO RESTORE ECOSYSTEMS

Lands affected by company operations are ultimately remediated, reclaimed and/or restored. As part of land reclamation, PotashCorp plants on average 30,000 – 40,000 trees annually at its operations. The number can increase significantly during various reclamation phases.

Initiatives to restore ecosystems at individual sites are set out in the chart on the previous page.

IMPACT ON RED LIST SPECIES

The company is unaware of any International Union for Conservation of Nature and Natural Resources Red List species in areas affected by its operations.



For more information on biodiversity initiatives, see www.potashcorp.com/2005SR/environment.

NORMALIZED GHGs BY DIVISION

tonnes GHGs/ tonne of production

	2002	2003	2004	2005
Potash	0.08	0.06	0.05	0.05
Phosphate	0.70	0.50	0.40	0.50
Nitrogen	1.80	2.00	1.90	2.00

Source: PotashCorp

CRITERIA AIR POLLUTANTS

000s tonnes

	2002	2003	2004	2005
Nitrogen Oxides	8.71	7.07	7.04	6.65
Carbon Monoxide	9.18	8.86	8.93	5.29
Particulate (dust)	5.03	4.32	4.38	4.70
Sulfur Dioxide	8.50	8.75	8.64	9.43

Source: PotashCorp

Emissions to Air

GREENHOUSE GAS EMISSIONS

Fertilizer manufacture requires natural gas and other inputs for feedstock and energy, thereby generating greenhouse gas (GHG) emissions, primarily CO₂.

In 2005, PotashCorp's GHG emissions (as CO₂ equivalent) totaled just over seven million tonnes, from two main sources:

- > Carbon dioxide in flue gases from potash and nitrogen operations.
- > Carbon dioxide in process gases from nitrogen operations.

See Greenhouse Gas chart on previous page.

NORMALIZED GHGs

Between 2002 and 2005, greenhouse gas emissions declined on a normalized basis (adjusted for production increases) at PotashCorp's potash and phosphate operations. They increased at its nitrogen operations on a unit of production basis. *See Normalized GHG chart above.*

INDIRECT GREENHOUSE GAS EMISSIONS

GHG emissions that result from purchased electricity used by PotashCorp operations are monitored only by the potash division and not tracked company-wide.

CRITERIA AIR POLLUTANTS

The US Environmental Protection Agency and other national agencies regulate criteria air pollutants which, in significant concentrations above ambient air standards can injure health, harm the environment and damage property. The current criteria pollutants are carbon monoxide, nitrogen oxides, particulate matter, sulfur dioxide, lead and ozone.

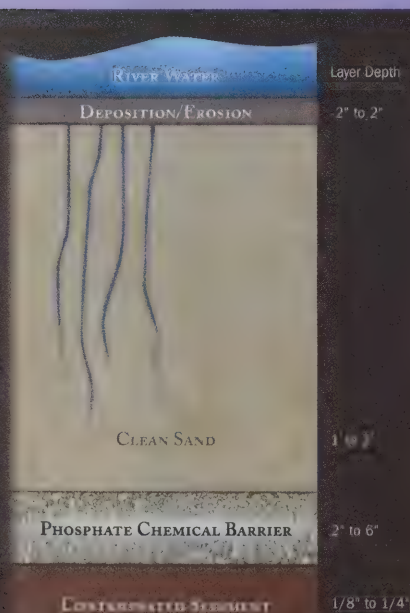
PotashCorp produces significant quantities of four of the six criteria air pollutants. Emissions of most of these have declined over the past four years, but sulfur dioxide emissions, as measured by the annual compliance test, have increased. *See Criteria Air Pollutants chart above.*

water quality

The Anacostia River in Washington, D.C. is considered one of the most polluted waterways in the United States. Toxic sediment at the river bottom is eaten by small organisms, then weaves its way through the food chain and harms fish, birds and mammals living in and around the river.

Researchers from the University of New Hampshire are monitoring the effectiveness of phosphate rock from PotashCorp's Aurora site as a cap for contaminated sediment. So far, the results are highly promising.

Unlike a simple barrier of clean sand, the phosphate rock is able to chemically sequester, or trap, the heavy metals in the polluted sediment. A test site monitored since July 2004 shows that the barrier has been effective in keeping heavy metals from migrating in the Anacostia.



Researchers from the University of New Hampshire are monitoring the effectiveness of phosphate rock from PotashCorp's Aurora site as a cap for contaminated sediment. So far, the results are highly promising.

OTHER SIGNIFICANT AIR EMISSIONS

The company also produces quantities of other air emissions, including substances on US federal and state regulatory lists and/or emissions regulated locally. Most of these emissions are produced in small quantities.

PotashCorp produces no ozone-depleting substances. It uses small amounts of chlorofluorocarbons (CFCs) in refrigeration and cooling systems. As these systems are upgraded, the company is eliminating CFC use. *See Other Significant Air Emissions chart on next page.*

Solid Wastes

WASTES PRODUCED BY PHOSPHATE DIVISION

White Springs, Geismar and Aurora have gypsum stacks, for phosphogypsum (gypsum), which is a waste of phosphoric acid production. In a unique reclamation process, Aurora blends new gypsum and old gypsum stack material with clay, returning the gypsum/clay blend to the mined out areas while reducing the old stacks.

WASTES PRODUCED BY POTASH DIVISION

Potash production's waste product is predominantly common salt tailings that are contained in managed above-ground storage areas. The exception is the New Brunswick operation, which returns nearly all waste to mined areas underground.

WASTES PRODUCED BY NITROGEN DIVISION

Nitrogen operations produce no significant volumes of solid wastes. *See solid wastes chart on next page.*

NON-PROCESS WASTES

Non-process wastes from PotashCorp facilities include paper, oil, batteries, spent catalysts, paint, printer cartridges, light bulbs and many other materials. More than half, by volume, is recycled. Disposal procedures are based on US or Canadian regulations. *See Non-Process Wastes chart on next page.*

HAZARDOUS WASTES

Hazardous waste disposal in 2005 was 792 tonnes. The increase over 2004 was due primarily to expansions in the potash division.

SPILLS AND OTHER INCIDENTS

PotashCorp's aim is that all incidents are reported and addressed quickly, and their occurrence reduced.

There were several environmental events reported by the company in 2005, including 31 hazardous material incidents. Eleven spills occurred, eight in potash and three at phosphate operations. *See Environmental Events chart on next page.*

Products

ENVIRONMENTAL IMPACTS OF PRODUCTS

Use of fertilizer results in some GHG emissions, and applied in excess, it can impact water quality. PotashCorp works directly with users (and indirectly through trade associations) to educate customers on the proper application of its products, stressing the need to avoid using more than is necessary.

The company also produces products with significant environmental benefits, in the areas of emission control, water treatment and heavy metal remediation.

PRODUCT RECLAMATION/RECYCLING



See details of the products PotashCorp produces that have environmental benefits at www.potashcorp.com/2005SR/environment.

Fertilizer products provide nutrients to the land and are used by plants. None of these is reclaimable. Products sold as animal feed and industrial applications are also inputs.

Indirect Environmental Impacts

ENVIRONMENTAL IMPACTS OF TRANSPORTATION

PotashCorp's operations involve three transportation activities with environmental impact: receiving materials from suppliers, distributing product to customers and transportation used in the course of conducting business. Their environmental impact is not monitored.

ENVIRONMENTAL PERFORMANCE OF SUPPLIERS

Pre-qualification, selection and retention criteria are established for contractors, service providers and suppliers, including a system for assuring their compliance with PotashCorp's SHE expectations.

If an environmental or other incident occurs as a result of a contractor's activities, a Flash Report is issued immediately. It includes corrective actions that the contractor is responsible for implementing. The incident is recorded in the contractor's file.

OTHER SIGNIFICANT AIR EMISSIONS

000s tonnes

	2002	2003	2004	2005
Volatile Organic Compounds	1.5	1.6	1.6	1.2
Ammonia	6.7	7.2	6.5	7.7
Fluoride*	-	-	-	13.6
Hydrogen Sulfide	1.75	1.40	1.37	1.27
Sulfuric Acid Mist	0.065	0.141	0.107	0.106

*First year reporting fluoride in air emissions.

Source: PotashCorp

SOLID WASTES

000s tonnes

	2001	2002	2003	2004	2005
Gypsum	6,741	6,438	7,995	8,564	8,883
Waste Salt to Storage	7,664	7,922	7,592	8,581	10,516
Clay Waste (fine tailings)	611	683	637	812	895
Waste Salt and Clay to Mine	1,484	1,417	1,659	1,819	1,638
Salt as Brine Injection Well	1,606	1,540	3,084	3,579	3,607

Source: PotashCorp

NON-PROCESS WASTES

000s tonnes

	2001	2002	2003	2004	2005
Solid Waste Off-Site	5.4	6.2	6.6	8.6	9.1
Solid Waste On-Site	852.0	821.0	863.0	824.0	1,046.0
Solid Waste Recycled	1.5	2.5	2.9	2.9	4.9
Hazardous Waste Disposal	0.139	0.179	0.320	0.438	0.792

Source: PotashCorp

ENVIRONMENTAL EVENTS

	2001	2002	2003	2004	2005
US Federal Reportable	51	15	16	18	20
Permit Excursions	81	39	23	30	10
Provincial Incident Reports (spills)	7	8	18	4	11
Hazardous Materials Incidents	30	27	33	24	31

Source: PotashCorp

potashcorp site performance

IT IS AT THE LOCAL LEVEL that PotashCorp's commitment to sustainability lives every day. With local stakeholders in mind, PotashCorp measures performance on a site-by-site basis and reports it that way. The following pages present data from each operating site, as well as information on how to contact management at each facility with questions or comments.

ABOUT THE MEASUREMENTS

Site highlights report data* in the units of measurement used at the particular operation being measured. For example, the company's Canadian potash facilities weigh product and emissions in metric tonnes, while the nitrogen and phosphate facilities use short tons. Energy use is reported in joules, megawatts and British Thermal Units, depending on what is the most appropriate measurement. Safety is measured in terms of injuries per 200,000 work hours.

*This section contains data from all PotashCorp operations covering the past three years. As PotashCorp continues to refine its data-gathering processes, year-to-year data may differ, reflecting greater accuracy in the company's reporting.

potash operations

ALLAN

Allan, Saskatchewan S0K 0C0 | (306) 257-3312

Stewart Brown, General Manager | stbrown@potashcorp.com

Operations

Allan mines potash at a depth of 1,040 meters (3,400 feet), producing granular, standard and industrial grade for agricultural and industrial use. It has an annual capacity of 1.9 million tonnes KCl.

Significant Achievements

The division set new tonnage and productivity records in 2005 while meeting the challenge of continuous four-shift operation with many new employees.

It negotiated a new three-year collective agreement with hourly employees.

Allan received approval for and began work on a plant debottlenecking project, which will increase daily production by 25%, and a compaction expansion project.

Community Relations

Mine management discussed the debottlenecking and expansion projects with community leaders, focusing on project details and community impact, including job and service opportunities. The impact of the change to a four-shift operation was also discussed.

Community Donations

Cash donations to local community organizations in 2005 totaled almost Cdn \$52,000. The main recipients were the Allan Centennial Committee, Town of Allan Parks and Recreation, Promotional Display and Museum Project, and Saskatoon Regional Science Fair. In-kind contributions to local recreation groups and sporting organizations totaled Cdn \$32,000.

Environmental Initiatives

New low-NOx burners were installed in the red product dryers in 2005. They are designed to reduce NOx emissions to less than 10 parts per million (ppm), from the 30 ppm generated by the older burners. They are also significantly quieter, which improves the mill's work environment.

A new wet crushing circuit was installed as part of the debottlenecking project, replacing the dry crushing circuit in the milling process. The new circuit requires no dust collection and the dust scrubber used with the dry crushing circuit has been removed.

Local Procurement

In 2005, Allan purchased locally about 81% of all products and services it used, a total of Cdn \$26.9 million. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	933,971	1,344,017	1,430,700
Employment			
Number of employees	270	285	293
Number of female employees	8	8	8
Gender ratio (% female/total employees)	3.0%	3.0%	2.7%
Average tenure (years)	21.7	19.4	17.7
Absenteeism rate (% hours absent)	5.4%	6.1%	6.9%
Employee training provided (hrs per employee)	55	110	103
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	1.0
Recordable frequency (per 200,000 hrs)	4.5	3.6	8.8
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	62.8	81.2	83.7
Normalized GHGs (GHGs/tonnes production)	0.07	0.06	0.06
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	53.9	68.4	72.3
Carbon monoxide	43.4	58.5	62.4
Particulates (dust)	300.3	352.1	378.9
Volatile organic compounds	53.9	71.1	84.4
Waste to Land (000 tonnes)			
Waste salt to storage	1,079	1,696	2,086
Clay waste	130	177	196
Salt in brine injection well	647	645	609
Water Use (000 cubic meters)			
River water	1,317	1,653	1,737
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$1,080,000	\$2,750,000	\$2,799,000
Capital expenditures	\$15,000	\$0	\$175,000
Energy			
Energy costs (\$Cdn)	\$12.2 million	\$14.9 million	\$19.2 million
Energy use (TJ)	1,514	1,890	1,986
Energy efficiency (GJ/tonnes production)	1.62	1.40	1.39
Procurement			
Local purchasing (\$Cdn)	\$22.5 million	\$20.2 million	\$26.9 million



CORY

Box 1320, Saskatoon, Saskatchewan S7K 3N9 | (306) 382-0525
Rob Bubnick, General Manager | rob.bubnick@potashcorp.com

Operations

Cory is an underground mining operation with an annual capacity of 1.36 million tonnes KCl. It produces white soluble and granular product, chicklets and K-Prills. Industrial product applications include water softeners and ice melt.

Significant Events

The cooling tower used to cool the final stage crystallizer was successfully removed, eliminating employee safety concerns about the equipment, reducing the environmental impact and improving production.

Cory set an annual production record of 826,471 tonnes, breaking the old record by 79,460 tonnes.

In safety, the recordable frequency of 4.08 was 32% lower than in 2004 and 25% lower than the five-year average.

The mine negotiated a new three-year collective agreement with hourly employees.

Community Contributions

Cory made cash donations of \$9,050 to local community social organizations in 2005. The main recipients were YMCA Partners With Kids, Saskatchewan Potash Golf Tournament, Terry Fox Run, Battle of the Badges and the Cory Cougars. The United Way was the major recipient of in-kind contributions.

Environmental Initiatives

Dryer scrubber improvements decreased stack emissions by 37%.

Local Procurement

The value of goods, materials and services purchased locally in 2005 was \$18.4 million, 71% of total procurement. Electricity and natural gas purchases are not included.



PCS POTASH CORY

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	730,097	737,673	826,471
Employment			
Number of employees	195	196	207
Number of female employees	7	7	7
Gender ratio (% female/total employees)	3.6%	3.6%	3.4%
Average tenure (years)	14.8	14.6	13.1
Absenteeism rate (% hours absent)	5.8%	7.1%	6.0%
Employee training provided (hrs per employee)	78	80	43
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	1.40	0.45
Recordable frequency (per 200,000 hrs)	1.36	6.05	4.08
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	97.0	39.0	37.1
Normalized GHGs (GHGs/tonne production)	0.13	0.05	0.04
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	126.6	120.9	34.9
Carbon monoxide	108.0	101.7	32.4
Particulates (dust)	643.0	632.0	527.0
Volatile organic compounds	9.96	9.72	3.64
Waste to Land (000 tonnes)			
Waste salt to storage	608.2	794.2	914.7
Clay waste	107.0	100.7	107.7
Salt in brine injection well	1013.2	897.9	904.0
Water Use (000 cubic meters)			
River water	1,698	1,586	1,485
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$1,440,800	\$2,842,900	\$1,438,000
Capital expenditures	\$143,600	\$392,500	\$407,900
Energy			
Energy costs (\$Cdn)	\$24.2 million	\$24.3 million	\$29.4 million
Energy use (TJ)	3,287	3,166	3,257
Energy efficiency (GJ/tonne production)	4.50	4.29	3.94
Procurement			
Local purchasing (\$Cdn)	\$9.6 million	\$14.8 million	\$18.4 million

LANIGAN

Box 3100, Lanigan, Saskatchewan S0K 2M0 | (306) 365-2030
Mark Fracchia, General Manager | mark.fracchia@potashcorp.com

Operations

The largest of PotashCorp's potash mines, Lanigan has an annual capacity of 3.8 million tonnes KCl. It produces granular, standard and suspension potash products. Underground mining operations take place at a depth of 1,000 meters (3,300 feet).

Significant Events

Lanigan milled record tonnes of raw ore in 2005, surpassing its 2004 record.

PotashCorp is investing more than Cdn \$300 million to refurbish the Phase I mill that has been idle since the mid-1980s, bringing back 1.5 million tonnes per year of idled capacity. Existing equipment is being demolished, new structures and equipment installed, hoists and skips upgraded and mine infrastructure improved to support higher production.

Community Relations

Local communities were very interested in how they could benefit from the mill project. Management met with community leaders to inform them of the project and to discuss how the division would work with the communities to help them benefit.

The General Manager is a member of the Lanigan Economic Development Committee and the Action Humboldt Steering Committee, whose role is to stimulate economic development in Humboldt and the surrounding area, including Lanigan.

Community Contributions

Lanigan donated Cdn \$27,320 to local community social organizations in 2005. The major recipients were the town's Lions Club, Recreational Complex, Sports Day, Girls Ball Club and Daycare. Cash donations were also provided for several local centennial celebrations.

In-kind contributions to local community organizations were valued at Cdn \$17,906. The major beneficiaries were Lanigan Golf and Country Club, blood donor clinics and curling club, Wapiti Valley Ski Area and Pleasantdale Skating Rink.

Awards

Lanigan's emergency rescue team was overall underground winner at the Provincial Mine Rescue Competition in June 2005. Rod Greve, Mine Operations Production General Foreman, was the Saskatchewan Mining Association's Emergency Response Person of the Year.

Environmental Initiatives

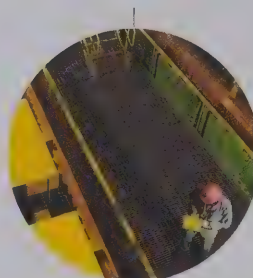
As part of the mill project, all known hazardous materials were removed from the mill, including asbestos-containing materials (except siding), PCBs and controlled substances such as greases, acids, solvents, etc. A fine tailings pond/sewage disposal lagoon was restored and converted to a staging area for new equipment. A site-wide PCB removal program was initiated and completed.

Local Procurement

Local purchases, including expenditures related to the mill project in 2005, represented 75.6% of all expenditures, Cdn \$51 million. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	1,488,436	2,024,769	2,023,424
Employment			
Number of employees	333	346	378
Number of female employees	12	13	17
Gender ratio (% female/total employees)	3.6%	3.8%	4.5%
Average tenure (years)	17.8	16.4	16.9
Absenteeism rate (% hours absent)	5.1%	4.9%	5.7%
Employee training provided (hrs per employee)	41	50	50
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0.29	0.81
Recordable frequency (per 200,000 hrs)	5.0	3.5	5.38
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	65.9	78.9	84.2
Normalized GHGs (GHGs/tonne production)	0.04	0.04	0.04
Criteria Air Pollutants (tonnes)			
Nitrogen oxides	68.7	66.5	65.2
Carbon monoxide	111.5	319.1	198.3
Particulates (dust)	596.8	725.0	853.0
Volatile organic compounds	100.5	140.5	201.1
Waste to Land (000 tonnes)			
Waste salt to storage	2,637.6	3,507.6	3,459.9
Clay waste	358.1	496.3	524.8
Salt in brine injection well	875.1	1,342.7	1,428.7
Water Use (000 cubic meters)			
Well water	1,303	1,790	1,860
River water	849	1,113	1,076
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$1,544,000	\$1,749,000	\$1,972,400
Capital expenditures	\$311,000	\$66,000	\$234,000
Energy			
Energy costs (\$Cdn)	\$17.3 million	\$19.7 million	\$21.1 million
Energy use (TJ)	1,966	2,388	2,465
Energy efficiency (GJ/tonne production)	1.32	1.2	1.2
Procurement			
Local purchasing (\$Cdn)	\$16.4 million	\$18.5 million	\$51.0 million



PATIENCE LAKE

Box 509, Saskatoon, Saskatchewan S7K 3L9 | (306) 667-4300
Rob Bubnick, General Manager | rob.bubnick@potashcorp.com

Operations

Originally a conventional underground operation, Patience Lake was converted to a solution mine in 1988 after two periods of closure due to flooding. Solution mining dissolves the potash from the ore by circulating brine through the flooded conventional mine workings 1,000 meters (3,300 feet) below the surface. The operation produces lawn and garden and granular-grade potash for agriculture, with annual capacity of 1.03 million tonnes KCl.

Significant Achievements

Replacement of the dryer scrubber with a baghouse has had a major impact, reducing atmospheric emissions to approximately 2.5% of the regulated standard.

The recordable injury frequency rate was reduced by 43% from 2004 and 24% from the five-year average.

The mine negotiated a new three-year collective agreement with hourly employees.

Community Relations

Patience Lake donated \$3,100 to local community organizations in 2005. The top recipients were the Saskatchewan Wildlife Art Association, Saskatoon Retriever Club, Aberdeen Recreation Complex, Patience Lake Solution Ball Team and Clavet Community School's Walk for Cancer. Belting was donated to the local ice arena.

Awards

Patience Lake's emergency rescue technician team won the Saskatchewan mine rescue title for surface teams in 2005.

Local Procurement

Goods, materials and services purchased locally in 2005 totaled Cdn \$3.1 million, 61% of total procurement. Electricity and natural gas purchases are not included.



PCS POTASH PATIENCE LAKE

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	250,683	239,061	251,033
Employment			
Number of employees	67	67	66
Number of female employees	4	4	4
Gender ratio (% female/total employees)	5.9%	5.9%	5.8%
Average tenure (years)	19.3	20.3	21.3
Absenteeism rate (% hours absent)	4.7%	4.1%	5.2%
Employee training provided (hrs per employee)	26	30	40
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	1.76	0
Recordable frequency (per 200,000 hrs)	5.4	8.8	5.0
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	38.4	35.9	37.4
Normalized GHGs (GHGs/tonne production)	0.15	0.15	0.15
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	36.7	36.2	36.4
Carbon monoxide	28.0	26.3	26.0
Particulates (dust)	335.1	306.0	214.1
Volatile organic compounds	1.9	2.0	1.8
Waste to Land (000 tonnes)			
Waste salt to storage	37.0	39.7	69.9
Waste salt and clay to mine	141.6	127.9	124.7
Water Use (000 cubic meters)			
River water	868	1,082	761
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$201,000	\$1,207,600	\$535,000
Capital expenditures	\$397,000	\$451,100	\$1,503,500
Energy			
Energy costs (\$Cdn)	\$7.0 million	\$7.2 million	\$8.4 million
Energy use (TJ)	908	868	852
Energy efficiency (GJ/tonne production)	3.62	3.63	3.40
Procurement			
Local purchasing (\$Cdn)	\$1.9 million	\$2.5 million	\$3.1 million

CASSIDY LAKE

Box 5005, Sussex, New Brunswick E4E 5L1 | (506) 839-2146
Michael Hogan, General Manager | michael.hogan@potashcorp.com

Operations

In October 2005, milling operations were permanently shut down at Cassidy Lake, laying off 18 hourly and three staff employees. The division continues to handle the disposal of brine trucked from the New Brunswick operation.

Significant Challenges

Increased trucking of brine from the New Brunswick operation combined with unusually heavy rainfall to dramatically increase the brine pond level at Cassidy Lake. The challenge was to maintain a sufficient and safe level of freeboard in the pond.

The permanent shutdown of milling operations was also a challenging development.

Achievements

The division achieved eight years without a lost-time injury on August 23, 2005.

Community Relations

The community continues to be concerned about the transport of brine by truck from the New Brunswick production site to Cassidy Lake for disposal, especially with truck safety and speed. These concerns are being addressed by retrofitting the trucks with onboard speed monitoring systems and through truck maintenance programs. Management met with area residents to discuss changes to the brine line that pumps to the Bay of Fundy. The meeting provided an opportunity to review the rationale for the change, the project description, mitigation of environmental issues and the type of work that would be conducted.

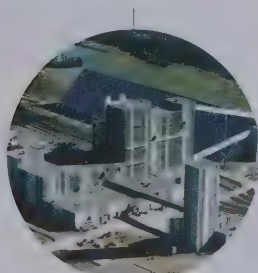
Community partnerships include support for the Hammond River Angling Association, which is involved in maintaining and improving the Hammond River watershed.

Local Procurement

Cassidy Lake local purchasing totaled \$4.4 million in 2005, representing 71% of all procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	220,592	319,442	283,901
Employment			
Number of employees	29	29	8
Number of female employees	2	2	2
Gender ratio (% female/total employees)	6.9%	6.9%	22.2%
Average tenure (years)	16.4	17.4	16.3
Absenteeism rate (% hours absent)	2.5%	4.1%	2.1%
Employee training provided (hrs per employee)	9	17	109
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	6.0	0	0
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	6.5	8.3	6.6
Normalized GHGs (GHGs/tonne production)	0.03	0.03	0.02
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	5.1	8.0	5.0
Carbon monoxide	1.2	1.6	1.3
Particulates (dust)	123.2	224.6	202.6
Volatile organic compounds	0.4	0.5	0.4
Emissions to Water (000 tonnes)			
Salt brine to sea (dry basis)	170	154	128.3
Water Use (000 cubic meters)			
Well water	77	162	76
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$606,700	\$451,500	\$757,700
Capital expenditures	\$1,600,600	\$203,400	\$2,365,000
Energy			
Energy costs (\$Cdn)	\$2.4 million	\$2.9 million	\$2.8 million
Energy use (TJ)	171	213	179
Energy efficiency (GJ/tonne production)	0.77	0.66	0.6
Procurement			
Local purchasing (\$Cdn)	\$1.1 million	\$2.5 million	\$4.4 million



PCS POTASH CASSIDY LAKE

NEW BRUNSWICK

Box 5039, Sussex, New Brunswick E4E 5L2 | (506) 432-8400
Michael Hogan, General Manager | michael.hogan@potashcorp.com

Operations

Underground mining operations take place at a depth of between 400 and 700 meters (1,300 to 2,300 feet). The refinery produces sylvite (potash) and halite (salt), with an annual capacity of 0.785 million tonnes KCl and 0.650 million tonnes of salt.

Community Relations

A continuing concern in the area is the water well problems experienced by some households in Penobsquis. While the source of the problem is undetermined, the plant supplied drinking water (bottled water and coolers) to residents experiencing water problems. The plant continues to work with government representatives (through a water committee) as they pursue a regional water supply model.

Community Donations

Cash donations to community social organizations in 2005 totaled Cdn \$20,809. The top recipients were the Hammond River Angling Association (an environmental group), the Dairy Town Classic Basketball Tournament, Sussex Vale Transition House, Theatre New Brunswick and Hospice New Brunswick.

The estimated value of in-kind donations for 2005 was Cdn \$40,186, with major recipients being local Penobsquis residents and the Kennebecasis Watershed Restoration Committee. Many other organizations received small donations of materials.

Awards

New Brunswick Division was the recipient of the 2005 Canadian Institute of Mining, Metallurgy and Petroleum's National John T. Ryan Award for Select Mines. The award, which is the most prestigious of all safety awards in the mining industry in Canada, recognizes the New Brunswick Division for working throughout 2005 without a single modified-work or lost-time accident.

The site was recognized for its contributions to the 2005 Dairy Town Classic Basketball Tournament and its many years of support of Theatre New Brunswick.

It received the New Brunswick Mining Association trophy for the mine in the province with the lowest accident frequency for the year 2004.

The division reached three million hours without a lost-time accident on December 12, 2005 and received the PotashCorp Corporate Award of Excellence. It also received a plaque from the Workplace Health Safety and Compensation Commission of New Brunswick for this achievement.

Local Procurement

Goods, materials and services valued at Cdn \$31.5 million were purchased locally in 2005, 59% of all purchases. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	749,103	781,761	758,684
Employment			
Number of employees	329	330	332
Number of female employees	7	7	7
Gender ratio (% female/total employees)	2.1%	2.1%	2.1%
Average tenure (years)	15.4	16.8	17.1
Absenteeism rate (% hours absent)	5.3%	5.8%	4.2%
Employee training provided (hrs per employee)	32	51	50
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	5.85	3.57	2.24
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	54.0	47.3	48.3
Normalized GHGs (GHGs/tonne production)	0.07	0.06	0.06
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	40.2	46.6	48.0
Carbon monoxide	11.5	37.6	37.3
Particulates (dust)	177.7	166.4	222.7
Volatile organic compounds	149.4	163.9	166.9
Waste to Land (000 tonnes)			
Waste salt and clay to mine	1,517.4	1,692.0	1,514.1
Emissions to Water (000 tonnes)			
Salt brine to sea (dry basis)	195	264	452
Water Use (000 cubic meters)			
River water	548.2	417.4	388.6
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$11,696,000	\$12,636,800	\$13,572,200
Capital expenditures	\$1,106,400	\$657,700	\$659,000
Energy			
Energy costs (\$Cdn)	\$13.5 million	\$13.4 million	\$15.5 million
Energy use (TJ)	1,446	1,423	1,456
Energy efficiency (GJ/tonne production)	1.9	1.8	1.9
Procurement			
Local purchasing (\$Cdn)	\$13.8 million	\$23.4 million	\$31.5 million



ROCANVILLE

Box 460, Rocanville, Saskatchewan S0A 3L0 | (306) 645-2870
 Stephen J. Fortney, General Manager |
 steve.fortney@potashcorp.com

Operations

Rocanville is a conventional underground potash mine, operating at a depth of 960 meters (3,150 feet). It produces granular and standard product for agricultural use and standard industrial and feed-grade product. Annual capacity is 3.04 million tonnes KCl.

Significant Achievements

Rocanville's greatest achievement in 2005 was bringing the expansion project in on time and under budget. The design called for a 400,000-tonne increase; the formal test run verified a 700,000-tonne increase.

Community Relations

Employees and local residents expressed concern over the proposed closing of the mine's private road and the impact that driving an extra eight kilometers would have on them. Meetings were held with employees and local municipal councilors and a letter was sent to all employees outlining the reasons for the closure.

Community Contributions

Cash donations to local community organizations totaled Cdn \$47,850 in 2005. The main recipients were Moosomin Integrated Health Facility, St. Lazare Athletic Association, Rocanville Thrift Store, Esterhazy Health Facility and Rocanville Skating Club. Rocanville Wildlife Association was the key beneficiary of in-kind contributions.

Awards

Rocanville received the Mayor's Choice Award from the Village of St. Lazare and recognition of safe mining practices from the Saskatchewan Mining Association.

Environmental Initiatives

More efficient burners installed on the dryers helped reduce greenhouse gases and energy consumption. More efficient diesel engines were installed on underground equipment.

Local Procurement

Goods, materials and services purchased locally in 2005 totaled Cdn \$40.5 million, 65% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production			
(tonnes KCl)	1,989,352	1,833,787	2,573,308
Employment			
# of employees	324	328	340
# of female employees	19	21	22
Gender ratio (% female/total employees)	5.8%	6.4%	6.4%
Average tenure (years)	18.7	17.1	17.4
Absenteeism rate (% hours absent)	3.8%	3.5%	2.9%
Employee training provided (hrs per employee)	84	92	91
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.35	0.33	0.31
Recordable frequency (per 200,000 hrs)	2.47	2.01	2.75
Greenhouse Gas Emissions			
GHG emissions (000 tonnes CO ₂ equivalent)	69.3	61.8	75.9
Normalized GHGs (GHGs/tonne production)	0.03	0.03	0.03
NPRI Air Pollutants (tonnes)			
Nitrogen oxides	57.4	52.5	57.6
Carbon monoxide	491.2	172.4	222.2
Particulates (dust)	261.9	305.6	465.0
Volatile organic compounds	5.77	4.42	7.2
Waste to Land (000 tonnes)			
Waste salt to storage	3,230	2,543	3,986
Salt in brine injection well	549	694	665
Water Use (000 cubic meters)			
Well water	1,037	1,000	1,161
Environmental Expenditures (\$Cdn)			
Operating expenditures	\$5,455,100	\$7,265,300	\$7,359,900
Capital expenditures	\$146,000	\$389,000	\$489,100
Energy			
Energy costs (\$Cdn)	\$16.8 million	\$19.1 million	\$23.9 million
Energy use (TJ)	2,023	1,863	2,364
Energy efficiency (GJ/tonne production)	1.02	1.02	0.9
Procurement			
Local purchasing (\$Cdn)	\$10.0 million	\$53.8 million	\$40.5 million



PCS POTASH ROCANVILLE

phosphate operations

AURORA

PO. Box 48, Aurora, North Carolina 27806 | (252) 322-4111
Richard Atwood, General Manager | ratwood@pcsphosphate.com

Operations

Aurora mines phosphate ore and refines it into phosphate rock. Mixing the phosphate with sulfuric acid produces phosphoric acid. The division has an annual capacity of 1.325 million tons of phosphoric acid and 0.175 million tons of phosphate feed.

Significant Achievements

Annual production records were set in 2005 in defluorinated phosphate, purified phosphoric acid and ammonium polyphosphate.

The plant received certification under the AFIA Safe Feed/Safe Food program.

Community Relations

Aurora has an active program of engagement with community leaders and state legislators. Approximately 140 meetings were held in 2005 on such issues as Norfolk Southern Railroad abandonment, mine continuation permit, economic development, and compliance and regulatory standards.

Community Support

Cash donations to local community organizations totaled \$171,310. The main beneficiaries were East Carolina University, Beaufort County United Way, Aurora Fossil Museum, YMCA and Historic Bath Foundation.

In-kind contributions totaling \$34,000 went to the Salvation Army, Toys for Tots, Hurricane Katrina Relief Fund, Pamlico County Rescue Squad and Aurora Fossil Museum, among others.

Awards

In 2005, Aurora received awards for training, community involvement, safety and environment:

PCS Phosphate and 13 employees received special recognition from the North Carolina Department of Labor for achievements under the company's apprenticeship and master craftsman programs.

Community recognition involved Organization of the Year award from Beaufort County, the Relay for Life Gold Award, Children's Miracle Network Sponsor's award, American Red Cross Hero Award, Beaufort County United Way Sponsor's award and Pamlico County Community Foundation Key Sponsor.

Environmental awards for the Whitehurst Creek project included the North Carolina Division of Land Resources Mining Stewardship Award in the Reclamation category; Interstate Mining Compact Commission Kenes C. Bowling Non-Coal National Mine Reclamation Award; and the National Association of State Land Reclamationists Outstanding Reclamation Award

21 departments received the North Carolina Department of Labor 2005 safety award.

Environmental Initiatives

Aurora reduced internal and external reportable spills in 2005 and met compliance targets for Notice of Violations.

Local Procurement

Goods, materials and services purchased locally in 2005 totaled \$79.2 million, which represented 56% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Phosphate rock	3,393,000	4,371,000	4,868,000
Phosphoric acid	1,013,000	1,122,000	1,155,000
Employment			
Number of employees	1,033	1,045	1,034
Number of female employees	40	41	46
Gender ratio (% female/total employees)	3.9%	3.9%	4.4%
Average tenure (years)	16.6	16.5	17.5
Absenteeism rate (% hours absent)	5.6%	3.91%	4.05%
Employee training provided (hrs per employee)	42	66	36
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.28	0.09	0.27
Recordable frequency (per 200,000 hrs)	1.85	1.33	1.35
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	626.7	525.3	631.5
Normalized GHGs (GHGs/tonne production)	0.6	0.5	0.6
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	769.8	618.0	699.0
Carbon monoxide	461.7	409.0	410.0
Particulates (dust)	415.0	257.0	309.0
Sulfur dioxide	4,726.6	5,780.0	6,142.0
Ammonia	590	646	659
Hydrogen sulfide	1,542	1,510	1,403
Waste to Land (000 tons)			
Gypsum	5,642	6,185	6,381
Water Use (million gallons)			
Well water	20,954	21,941	20,427
Recycled water	101,137	121,557	130,893
Environmental Expenditures (\$ million)			
Operating expenditures	\$27.0	\$29.8	\$39.1
Capital expenditures	\$3.0	\$1.7	\$2.4
Energy			
Energy costs (\$)	\$30.7 million	\$34.9 million	\$45.3 million
Energy use (BBtu)	13,640	13,709	14,254
Energy efficiency (BBtu/tonne production)	4.4	3.4	3.2
Procurement			
Local purchasing (\$)	\$59.7 million	\$61.6 million	\$79.2 million



PCS PHOSPHATE AURORA

WHITE SPRINGS

P.O. Box 300, 15843 Southeast 78th Street, White Springs, Florida 32096 | (386) 397-8101

Keith Thornton, General Manager | wkthornton@pcsphosphate.com

Operations

White Springs mines phosphate ore and refines it into phosphate rock. It has a capacity of 4.0 million tons of phosphate rock, 1.2 million tons of phosphoric acid and 0.410 million tons of phosphate feed. The chemical operations produce 10 products.

Significant Events

The Suwannee River prayon plant was converted from a dihydrate process to hemihydrate phosphoric acid production, a \$13.5-million project completed and started up in 2005.

The plant received certification under the AFIA Safe Feed/Safe Food program.

Community Relations

Plant management meets quarterly with the Hamilton County Commissioners to discuss community issues. It also meets periodically with state and local environmental organizations to review progress and status of environmental matters.

Community Contributions

White Springs is a major supporter of the United Way of Suwannee Valley campaign. In 2005, with employee contributions, it contributed over \$160,000, 25% of the organization's goal. The division also provides financial support to Hamilton County Youth Soccer, Kiwanis Club of Jasper and the American Cancer Society.

In-kind contributions totaled \$10,450. Beneficiaries included Suwannee County Schools, Hamilton County Council on Aging, Florida Sheriffs' Boys Ranch, Hamilton County Housing Consultant and Doorway to Hope Community Development Youth Group.

Awards

The Swift Creek Mill placed third in the Sentinels of Safety Award for the large metal/non-metal mill group. Forty of our miners received the Professional Miner Certificate, given only to miners who have worked five or more years without a recordable injury. Both awards were given by Joseph H. Holmes Safety Association.

Environmental Initiatives

Seventy-seven acres in Columbia County at the confluence of Falling Creek and the Suwannee River were donated to the Suwannee River Water Management District in 2005. PotashCorp agreed to this transfer of environmentally sensitive lands as part of its wetland mitigation program. This parcel is significant to the district because of the location and its adjacent ownership on both sides.

Energy

The cogeneration plant's 48 megawatts of generating capacity is enough to supply nearly all the chemical manufacturing operations.

The Suwannee River phosphoric acid plant was converted from a dihydrate process to the much more energy-efficient hemihydrate process, which will reduce purchased power by an estimated \$2.4 million per year.

Local Procurement

Goods, materials, and services purchased locally in 2005 totaled \$62.6 million, 71% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Phosphate rock	2,961,000	3,026,000	3,411,000
Phosphoric acid	856,000	927,000	971,000
Employment			
Number of employees	893	943	897
Number of female employees	63	62	56
Gender ratio (% female/total employees)	7.1%	6.6%	6.3%
Average tenure (years)	22	22	23.8
Absenteeism rate (% hours absent)	2.0%	2.7%	4.5%
Employee training provided (hrs per employee)	28	34	31
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.10	0.37	0.74
Recordable frequency (per 200,000 hrs)	1.61	1.02	1.95
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	192	241	224
Normalized GHGs (GHGs/tonne production)	0.2	0.3	0.3
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	210	229	223
Carbon monoxide	24	70	65
Particulates (dust)	316	348	371
Sulfur dioxide	2,964	3,701	4,193
Ammonia	326	306	260
Waste to Land (000 tons)			
Gypsum	3,171	3,255	3,411
Water Use (million gallons)			
Well water	11,717	12,483	10,943
Recycled water	131,162	118,464	111,510
Environmental Expenditures (\$ millions)			
Operating expenditures	\$19.8	\$25.4	\$31.1
Capital expenditures	\$1.8	\$0.7	\$0.2
Energy			
Energy costs (\$)	\$29.7 million	\$37.6 million	\$37.4 million
Energy use (BBtu)	10,086	11,524	11,666
Energy efficiency (BBtu/tonne production)	3.8	4.2	3.8
Procurement			
Local purchasing (\$)	\$58.9 million	\$60.2 million	\$62.6 million



PCS PHOSPHATE WHITE SPRINGS

JOPLIN

P.O. Box 225, 301 State Line Avenue, Joplin, Missouri 64802 | (417) 624-5225
Paul Shoup, Operations Manager | poshoup@pcsphosphate.com

Operations

This animal feed ingredients plant produces dicalcium phosphate (DCP) and monocalcium phosphate (MCP) feed supplements, with annual capacity of 0.179 million tons.

Significant Achievements

Joplin employees completed four years without a lost-time injury. The plant received certification under the AFIA Safe Feed/Safe Food program.

Community Support

Cash donations to local community organizations in 2005 totaled \$7,551, mainly to McKinley Elementary School, United Way of SW Missouri, Newspapers in Education (all local schools), Jasper County Emergency Services and Joplin Area Chamber of Commerce.

Awards

The site received a Silver Award from the Joplin Area United Way for employee contributions.

Energy

Natural gas consumption per ton of production was reduced by 12%, compared to 2004.

Local Procurement

In 2005, goods, materials and services purchased locally totaled \$470,300, 51% of all procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Dicalcium/monocalcium phosphate	97,000	96,200	88,600
Employment			
Number of employees	35	33	26
Number of female employees	3	3	2
Gender ratio (% female/total employees)	9%	9%	8%
Average tenure (years)	15.4	16.6	15.1
Absenteeism rate (% hours absent)	1.8%	3.4%	1.7%
Employee training provided (hrs per employee)	24	18	26
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	8.47	0	3.8
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	25.2	24.7	21.6
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	9.5	6.6	1.5
Carbon monoxide	7.7	5.3	1.2
Particulates (dust)	39.5	18.4	17.1
Sulfur dioxide	0	0	0
Water Use (million gallons)			
River/surface water	n/a	3.6	6.7
Well water/city water	39.1	35.6	19.4
Environmental Expenditures (\$)			
Operating expenditures	\$141,000	\$944,000	\$63,200
Capital expenditures	\$1,114,000	\$942,000	\$0
Energy			
Energy costs (\$)	\$1.2 million	\$1.3 million	\$1.36 million
Energy use (BBtu)	171	167	138
Procurement			
Local purchasing (\$)	\$1.5 million	\$1.6 million	\$470,300



PCS PHOSPHATE JOPLIN

MARSEILLES

2660 East US Route 6, Marseilles, Illinois 61341 | (815) 795-5111
Bob Startzer, Operations Manager | bstartzer@pcsphosphate.com

Operations

This feed plant combines limestone and phosphoric acid to manufacture dicalcium phosphate (DCP) and monocalcium phosphate (MCP) animal feed supplements. Its annual capacity is 0.306 million tons.

Significant Achievements

The plant received certification under the AFIA Safe Feed/Safe Food program.

Community Relations

Plant personnel participated in three meetings with the Marseilles-Ottawa-Seneca Community Advisory Panel in 2005 that discussed HAZMAT response, promotion of the chemical industry in Illinois and a mutual aid response system.

Community Support

Cash donations to local community organizations totaled \$5,005. The main beneficiaries were the United Way, Canal Corridor Association, Chamber of Commerce, Illinois Special Olympics and Ottawa River Rescue Squad.

In-kind contributions totaled \$1,100. Recipients include the I&M Canal, where employees have adopted a one-mile stretch of trail, and Marseilles Food Pantry.

Local Procurement

Goods, materials and services purchased locally totaled \$482,000, 66% of all procurement in 2005. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Dicalcium/monocalcium phosphate	166,000	152,000	140,000
Employment			
Number of employees	35	34	24
Number of female employees	3	3	2
Gender ratio (% female/total employees)	9%	9%	8%
Average tenure (years)	13	14	15
Absenteeism rate (% hours absent)	2.7%	4.0%	1.1%
Employee training provided (hrs per employee)	25	17	35
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	2.8	0	0
Recordable frequency (per 200,000 hrs)	5.6	8.9	7.9
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	36.6	34.5	31
Criteria Air Pollutants (tons)			
Nitrogen oxides	10	9.3	8.5
Carbon monoxide	8.4	14.5	7.2
Particulates (dust)	18.9	18.0	16.6
Water Use (million gallons)			
Well water/city water	n/a	13.1	13.8
Recycled water	n/a	4.3	2.4
Environmental Expenditures (\$)			
Operating expenditures	\$61,200	\$83,300	\$38,200
Capital expenditures	\$0	\$74,500	\$0
Energy			
Energy costs (\$)	\$1.9 million	\$1.9 million	\$2.0 million
Energy use (Bbtu)	242	231	203
Procurement			
Local purchasing (\$)	\$572,000	\$508,000	\$482,000



PCS PHOSPHATE MARSEILLES

FOSFATOS DO BRASIL LTDA.

Rod. Padre Manoel da Nóbrega km 286,400
Samarita São Vicente SP CEP 11301-970, Brasil | 55-133-566-1121
H. Sonny Fernandes, General Manager |
hfernandes@pcsfosfatos.com.br

Operations

This facility uses imported phosphoric acid and limestone to produce microgranulated dicalcium phosphate (DCP). Its annual capacity is 0.121 million tons of this animal feed supplement.

Significant Achievements

Fosfatos do Brasil was able to maintain production despite significant market challenges arising from aftosa fever in Mato Grosso do Sul, Mato Grosso and Paraná states. It affected domestic cattle, poultry and swine feed markets and resulted in European restrictions on meat imports from Brazil.

Community Relations

In 2005, three meetings were held with community representatives, provincial legislators, city councilors and the mayor to discuss safety and security issues, social projects and environmental issues.

Community Donations

Cash donations of R\$15,000 (about US\$6,000) in 2005 went mainly to children's day care centers.

Environmental Initiatives

Environmental initiatives in 2005 involved implementing a treatment station for rain water, and two filter ditches to ensure adequate sewage effluent emission.

Local Procurement

Purchases of goods, materials and services totaled \$195,000 in 2005, all of it spent locally. Electricity and natural gas purchases are not included.



PCS FOSFATOS DO BRASIL

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Dicalcium phosphate	56,000	75,000	76,200
Employment			
Number of employees	76	79	93
Number of female employees	14	15	17
Gender ratio (% female/total employees)	18%	19%	18%
Average tenure (years)	3	4	5
Absenteeism rate (% hours absent)	0.2%	0.1%	0.1%
Employee training provided (hrs per employee)	n/a*	n/a	5
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	2.09	0	0
Recordable frequency (per 200,000 hrs)	2.09	0	0
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	n/a	n/a	21.1
Normalized GHGs (GHGs/tonne production)	n/a	n/a	n/a
Criteria Air Pollutants (000 tons)			
Nitrogen oxides	n/a	n/a	12
Carbon monoxide	n/a	n/a	1.0
Particulates (dust)	n/a	n/a	8.0
Sulfur dioxide	n/a	n/a	0
Water Use (million gallons)			
Well water/city water	n/a	n/a	7.2
Environmental Expenditures (\$)			
Operating expenditures	n/a	n/a	\$72,300
Capital expenditures	n/a	n/a	0
Energy			
Energy costs (\$)	n/a	n/a	\$2.5 million
Energy use (BBtu)	n/a	n/a	124
Procurement			
Local purchasing (\$)	\$60,000	\$76,000	\$195,000

*n/a represents "not available."

CINCINNATI

10818 Paddys Run Road, Cincinnati, Ohio 45030 | (513) 738-1261
Dan Having, Plant Manager | dhaving@pcsphosphate.com

Operations

The plant produces phosphate products for food and technical applications. The total capacity for all product lines is about 150,000 tons per year.

Significant Achievements

In 2005, the site achieved two years without a lost-time injury and nine years since the last environmental Notice of Violation or Permit Non-Compliance.

Community Relations

The plant co-sponsors a Community Advisory Panel. This provided the forum to address outstanding soil and groundwater contamination issues (created by previous companies on the site) and help move the process towards remediation and clean-up. Other issues discussed in 2005 included safety and logistics associated with truck and rail traffic; site safety and environmental performance; and continuing involvement with local schools and senior citizens.

Community Contributions

The value of cash contributions to local organizations in 2005 was \$2,741. Donations went to Crosby Elementary School, Crosby Township Senior Citizens, Crosby Township Christmas Fund and the Purple Heart Memorial Fund. The site is a business partner with Miamitown Elementary School, Crosby Elementary School and Harrison Junior and Senior schools.

Local procurement

Local purchases of goods, materials and services totaled \$652,000 in 2005, which represented 80% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Employment			
# of employees	15	17	18
# of female employees	1	2	2
Gender ratio (% female/total employees)	7%	12%	11%
Average tenure (years)	19	18	18
Absenteeism rate (% hours absent)	2.6%	1.6%	1.0%
Employee training provided (hrs per employee)	18	23	47
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	18.3	0	0
Recordable frequency (per 200,000 hrs)	24.5	5.9	5.2
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	2.2	3.0	1.3
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	4.8	6.4	2.6
Carbon monoxide	0.7	0.9	0.4
Particulates (dust)	0.03	0.04	0.04
Sulphur dioxide	0.01	0.01	0.01
Water Use (million gallons)			
Well water/city water	n/a	12.1	9.1
Environmental Expenditures (\$)			
Operating expenditures	\$0	\$162,000	\$72,800
Capital expenditures	\$0	\$900	\$0
Energy			
Energy costs (\$)	n/a	\$535,000	\$589,000
Energy use (BBtu)	n/a	58.9	54.1
Procurement			
Local purchasing (\$)	\$550,000	\$655,000	\$652,000



PCS PHOSPHATE CINCINNATI

WEeping WATER

Box 171, Weeping Water, Nebraska 68463 | (402) 267-2915
William Donohue, Operations Manager |
bdonohue@pcsphosphate.com

Operations

The Weeping Water facility produces animal feed ingredients; dicalcium phosphate – 18.5% P, monocalcium phosphate – 21% P, and coarse monocalcium phosphate. The plant has an annual capacity of 0.295 million tons.

Limestone is accessed from an underground mine located between 125 feet and 145 feet below the surface. Approximately 125,000 tons per year of limestone rock are removed annually. Limestone reserves are expected to last for over 60 years.

Significant Achievements

The plant received certification under the AFIA Safe Feed/Safe Food program.

Community Relations

Management participated in meetings with the Weeping Water city council and business owners to address concerns and issues about truck traffic that went through the city, to and from the plant.

The site sponsors underground mine tours during the Limestone Days celebration and information about the facility is presented at the local community center. Employees volunteer to assist with the tours. The facility participated at the Cass County Fair and distributed informational material about the site to visitors. In December, the site participated in the Come Home For the Holidays local celebration, using safety as a theme.

Community Contributions

The value of cash donations to local community organizations in 2005 was \$17,468. The top five recipient organizations were Weeping Water School, Limestone Days, Daniel J. Gross High School, City of Weeping Water and Weeping Water Fire and Rescue.

In-kind contributions totaled \$8,337. This support went to the Loft Community Theatre, City of Weeping Water, Limestone Days, Weeping Water School and Syracuse Public School.

Awards

For the tenth year, an award of honor with distinction was received from the Safety and Health Council of Greater Omaha. A Safety Achievement Award was received from the Nebraska Safety Council. The Sentinels of Safety Award was presented by the Mine Safety and Health Administration of Nebraska in recognition of the days worked without a lost workday injury.

Environmental Initiatives

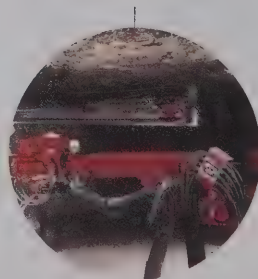
The feed plant expansion of 2004 enabled the site to increase its production throughput in 2005, using less energy and reducing GHG emissions.

Local Procurement

The value of all goods, materials and services purchased locally by the site in 2005 was \$1.1 million. Local purchases accounted for 66% of total purchases. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Dicalcium/monocalcium phosphate	161,830	134,715	131,506
Employment			
# of employees	45	43	31
# of female employees	3	3	3
Gender ratio (% female/total employees)	7%	7%	9%
Average tenure (years)	20	20	20
Absenteeism rate (% hours absent)	4.9%	3.8%	3.7%
Employee training provided (hrs per employee)	21	22	44
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	2.33	2.45	0
Recordable frequency (per 200,000 hrs)	4.65	2.46	3.17
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	36.8	42.1	29.6
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	15	12	12
Carbon monoxide	4	4	4
Particulates (dust)	15	25	19
Water Use (million gallons)			
Well water/city water	n/a	25.1	24.4
Environmental Expenditures (\$)			
Operating expenditures	\$62,000	\$48,000	\$128,700
Capital expenditures	\$0	\$43,000	\$9,900
Energy			
Energy costs (\$)	\$1.8 million	\$1.7 million	\$1.7 million
Energy use (BBtu)	263	234	215
Procurement			
Local purchasing (\$)	\$1.1 million	\$1.8 million	\$1.1 million



PCS PHOSPHATE WEEPING WATER

SAVANNAH AMMONIA TERMINAL

Gate 5, Georgia Port Authority, Garden City, Georgia 31408 |
(912) 964-1214

Thomas Tipton, General Manager | ttiption@pcsphosphate.com

Operations

This is an anhydrous ammonia storage and distribution facility engaged in the transfer of ammonia from vessels to storage. The majority of the ammonia stored at the site is later loaded into railcars and shipped to PotashCorp phosphate operations with the remaining product sent to customers.

Significant Achievements

Savannah successfully managed the relocation of the unloading berth.

The site has been injury-free since 1998.

Community Relations

The terminal is a member of the Savannah Chamber of Commerce.

Community Contributions

Cash donations to local community organizations totaled \$2,417 in 2005. Principal recipients were Georgia National Guard, Special Olympics, Good Samaritan Committee of Port Wentworth, American Cancer Society and the Children's Wish Foundation.

In-kind contributions totaling \$1,432 went to Port Wentworth and Marshpoint elementary schools.

Awards

The facility has been an OSHA Star Site since 1994.

Local Procurement

In 2005, locally purchased goods, materials and services totaled \$1.1 million, about 70% of total purchases. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Throughput (tons)			
Ammonia throughput	418,389	448,142	432,546
Employment			
Number of employees	8	8	8
Number of female employees	0	0	0
Gender ratio (% female/total employees)	0	0	0
Average tenure (years)	13	14	10
Absenteeism rate (% hours absent)	1%	1.4%	2%
Employee training provided (hrs per employee)	43	54	56
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0	0	0
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	1.8	2.5	1.8
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	1.7	2.7	2.0
Carbon monoxide	0.4	0.5	0.4
Particulates (dust)	0.15	4.4	3.2
Sulfur dioxide	0.31	14.8	10.8
Water Use (million gallons)			
Well water/city water	n/a	0.6	0.2
Environmental Expenditures (\$)			
Operating expenditures	\$0	\$154,000	\$34,900
Capital expenditures	\$0	\$0	\$0
Energy			
Energy costs (\$)	\$203,000	\$527,000	\$608,000
Energy use (BBtu)	22.1	41.8	34.6
Procurement			
Local purchasing (\$)	\$1.6 million	\$1.7 million	\$1.1 million



PCS SAVANNAH

FLORIDA FAVORITE FERTILIZER/ PCS JOINT VENTURE LTD.

P.O. Box 8000, Lakeland, Florida 33802 | (863) 688-2442
Jim Bellar, General Manager | jsbellar@favfert.com

Operations*

The operation produces all types of fertilizer for retail: dry bulk blends, liquid blend and bulk ammoniated products. Storage capacity is 0.085 million tons of fertilizer products.

Significant Achievements

The P.R.I.D.E. behavioral safety process was implemented.

The Lakeland plant was brought back to normal production after severe damage from three hurricanes in 2005.

Community Relations

The states where Florida Favorite operates – Florida and Georgia – suffered from four hurricanes in 2005. The production sites and their employees assisted in many ways in their communities.

Community Support

Cash donations to local community organizations in 2005 totaled \$4,838. The main beneficiaries were the FFAA agricultural education program, 4-H programs and local schools.

In-kind contributions to Moultrie Fire Department and Colquitt County schools totaled \$9,668.

Environmental Initiatives

Soil remediation programs are ongoing at the Lakeland and Moultrie plants to meet applicable standards.

Local Procurement

Goods, materials and services purchased locally in 2005 totaled \$5.1 million, 73% of all procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Fertilizer production	332,300	312,794	378,200
Employment			
Number of employees	102	106	91
Number of female employees	19	17	18
Gender ratio (% female/total employees)	19%	16%	17%
Average tenure (years)	10	12	12
Absenteeism rate (% hours absent)	3.3%	4.3%	2.8%
Employee training provided (hrs per employee)	12	15	73
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.87	0	1.05
Recordable frequency (per 200,000 hrs)	3.49	3.2	4.21
Criteria/Significant Air Pollutants (tons)			
Particulates (dust)	3.1	8.0	4.7
Ammonia	1.9	2.2	1.5
Water Use (million gallons)			
Well water/city water	1.8	2.1	1.7
Environmental Expenditures (\$)			
Operating expenditures	n/a	\$246,850	\$357,000
Capital expenditures	n/a	\$44,810	\$0
Energy			
Energy costs (\$)	\$238,000	\$356,000	\$502,000
Energy use (BBtu)	10.5	30.0	30.6
Procurement			
Local purchasing (\$)	\$4.4 million	\$4.7 million	\$5.1 million

*As of July 31, 2006 the company completed the sale of Florida Favorite Fertilizer/PCS Joint Venture LTD, with the exception of the Moultrie, Georgia facility which continued to operate.

nitrogen operations

AUGUSTA

23 Columbia Nitrogen Road, Augusta, Georgia 30901 |
(706) 849-6100

Warren Stroman, General Manager | warren.stroman@pcsnitrogen.com

Operations

Augusta produces anhydrous ammonia, urea, nitric acid, ammonium nitrate, liquid carbon dioxide and liquid fertilizers. It has an annual capacity of 0.758 million tons of ammonia and is the largest producer of nitrogen chemical and fertilizer products on the US east coast.

Significant Achievements

The site had no recordable or lost-time incidents in 2005 for PCS or the nested contractor. It completed 5,945 ADAPT safety observations and its 23rd ISO 9002-2001 surveillance audit with no findings issued.

Community Relations

Augusta is part of a Citizens' Advisory Panel which met four times to address local concerns, including homeland security, shelter-in-place and emergency response, and to build awareness of the company's operations.

The plant is a sponsor of the area United Way campaign and partners with a number of local educational institutions.

Community Donations

Cash donations to local community organizations in 2005 totaled \$59,536. The main recipients were the Augusta Boxing Club, Southeastern Natural Sciences Academy, University Health Care Foundation, Adopt-a-School and the Augusta Museum of History.

In-kind contributions to the Richmond County Sheriff's Department Bomb Squad, Hornsby Elementary School, East Augusta Middle School, the United Way and the University Health Care Foundation totaled \$125,000.

Awards

In 2005, Augusta was recognized for its leadership role and continued financial support by the local United Way campaign and by the Augusta Boxing Club and its scholarship program.

Environmental Initiatives

The plant commissioned a reverse osmosis unit, thereby reducing the amount of ammonium nitrate wastewater requiring treatment and lowering associated energy consumption.

Local Procurement

Goods, materials and services purchased locally in 2005 totaled \$22.8 million, 64% of total spending. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Ammonia	722,000	732,000	723,000
Urea solids	368,000	405,000	398,000
Urea liquid	451,000	493,000	489,000
Nitrogen solutions	255,000	254,000	281,000
Nitric acid/Ammonium nitrate (liquid)	1,280,000	1,300,000	1,240,000
Employment			
Number of employees	118	112	118
Number of female employees	8	9	10
Gender ratio (% female/total employees)	6.7%	8.0%	8.4%
Average tenure (years)	16.8	18.3	16.7
Absenteeism rate (% hours absent)	1.8%	1.6%	1.9%
Employee training provided (hrs per employee)	119	498	192
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0.0	0.73	0.0
Recordable frequency (per 200,000 hrs)	0.0	0.73	0.0
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	1,212	1,224	1,234
Normalized GHGs (GHGs/tonne production)	1.68	1.67	1.71
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	2.50	2.43	2.25
Carbon monoxide	4.65	4.71	0.80
Emissions to Water (tons)			
Ammonia as N	106.4	180.7	97.0
Total nitrogen as N	276.4	395.3	190.6
Water Use (million gallons)			
River/surface water	1,948	2,055	1,992
Recycled water	757	757	757
Environmental Expenditures (\$ millions)			
Operating expenditures	\$3.9	\$4.3	\$4.8
Capital expenditures	\$0.1	\$0.4	\$2.4
Energy			
Energy costs (\$)	\$151.0 million	\$177.0 million	\$228.0 million
Energy use (BBtu)	26,277	27,206	26,379
Energy efficiency (MMBtu /tonne production)	40.1	41.0	40.2
Procurement			
Local purchasing (\$)	\$10.5 million	\$14.8 million	\$22.8 million



PCS NITROGEN AUGUSTA

GEISMAR

P. O. Box 307, Geismar, Louisiana 70734 | (225) 621-1500
Fred Elliott, General Manager | fred.elliott@pcsnitrogen.com

Operations

Geismar produces urea, ammonium nitrate and UAN nitrogen solutions and phosphate fertilizer and industrial products, and is the largest producer of nitric acid in the United States. Production of ammonia has been suspended indefinitely. The annual phosphoric acid capacity is 0.223 million tons.

Significant Achievements

Significant achievements in 2005 included the successful start-up of urea and UAN production units, and reaching 16 years without a lost-time accident.

Community Relations

Geismar participates in two Community Advisory Panels which met twice a month in 2005. Issues discussed included updated plant reports, employment, expansions, SHE performance, TAR, taxes and shutdowns.

Community Donations

Cash contributions to local community organizations totaled about \$200,000 in 2005. The plant is a sponsor of the area's United Way campaign, March of Dimes, Special Olympics, American Red Cross and Salvation Army.

In-kind contributions in 2005 totaled \$75,000, up from the previous year due to hurricane relief activities. The main recipients were the March of Dimes, Adopt-a-School, Red Cross, Salvation Army and Army National Guard.

Awards

In 2005, Geismar received an award under the Louisiana Chemical Association's Safe Program for environmental performance, specifically for a significant reduction in TRI emissions.

PCS Nitrogen regular and contract employees received two safety awards from the Louisiana Chemical Association Safe Program: for total incident recordable rate of less than 0.75, and for relative improvement greater than 25%, as compared to OSHA statistics over the last four years.

Environmental Initiatives

The site installed a steam generator to make electricity and reduce use of natural gas, thus reducing greenhouse gas emissions.

Local Procurement

Goods, materials and services purchased locally in 2005 totaled \$21.7 million, 81% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Ammonia	128,000	0	0
Nitrogen solutions	276,000	0	42,000
Nitric acid/Ammonium nitrate (liquid)	649,000	575,000	625,000
Employment			
Number of employees	205	132	136
Number of female employees	20	20	20
Gender ratio (% female/total employees)	10%	15%	14%
Average tenure (years)	14.3	14.3	14.2
Absenteeism rate (% hours absent)	4.24%	3.08%	2.89%
Employee training provided (hrs per employee)	81	117	249
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	1.5	0	0.68
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	1,399	1,057	1,137
Normalized GHGs (GHGs/tonne production)	9.9	n/a*	n/a*
Criteria/Significant Air Pollutants (tons)			
Nitrogen oxides	462	167	170
Carbon monoxide	147	160	203
Emissions to Water (tons)			
Ammonia as N	22.0	11.2	31.9
Total nitrogen as N	27.7	55.1	106.0
Water Use (million gallons)			
River/surface water	1,026	2,731	1,035
Recycled water	1,927	1,711	2,000
Environmental Expenditures (\$ millions)			
Operating expenditures	\$5.4	\$6.1	\$7.2
Capital expenditures	\$3.9	\$1.9	\$0.8
Energy			
Energy costs (\$)	\$35.6 million	\$10.9 million	\$12.8 million
Energy use (BBtu)	5,339	1,031	1,683
Energy efficiency (MMBtu /tonne production)	46.0	n/a*	n/a*
Procurement			
Local purchasing (\$)	\$28.4 million	\$25.0 million	\$21.7 million

*Due to indefinite shutdown of ammonia production.



PCS NITROGEN GEISMAR

LIMA

1900 Fort Amanda Road, Lima, Ohio 45805 | (419) 226-1200

Don Johnson, General Manager | don.johnson@potashcorp.com

Operations

Innovene operates the Lima facility under an operational agreement with PotashCorp. The site produces ammonia, nitric acid, urea solutions, prill and granular urea, ammonium nitrate solutions and UAN. It has an annual capacity of 0.597 million tons of ammonia. The plant is ISO 9001 certified.

Significant Achievements

The site's most significant achievements in 2005 were successful completion of the turnaround and associated capital projects which transformed the plant, reducing energy consumption and restoring maximum capacity in ammonia of at least 1,800 TPD.

Lima partners with Science Enhancement for Science Education (SESA). In 2005 the SESA program celebrated the 200,000th student participant since its inception in 1990.

Community Relations

The plant has maintained an active environmental Citizens Advisory Committee (CAC) for many years. The CAC meets once per quarter and reviews all environmental issues, including emissions, permitting, reportable quantity reports and operations.

The site has a partnership with the Ottawa River Coalition. Under the Adopt-a-Road program, services were provided for a three-mile stretch of road that borders the plant and a recreational bike path along the Ottawa River. The plant made a \$1,000 donation to the Ottawa River Coalition in 2005.

Community Donations

The plant is a sponsor of the area's United Way campaign. The value of cash donations to local community organizations in 2005 was \$29,591, with most of it going to Science Enhancement for Science Education, 4H Extension Council, Allen County Junior Fair, Auction Art Space Lima and the American Heart Association.

Awards

Lima received recognition in *The Lima News* for a \$10,000 donation to Allen County 4-H program and for sponsoring teachers to attend the annual Teacher, Industry & Environment (TIE) Conference.

It received another Thoroughbred award from Norfolk Southern Railroad for no hazardous material release in all of the shipments made in 2005.

The site was given three safety awards from the National Petrochemical and Refiners Association.

Lima Chemicals was also selected to receive the Ohio Chemistry Technology Council's 2005 Excellence in Environmental, Health, Safety and Security Performance Award. The award recognizes the site's ongoing effort, begun in 2001, to update the underground injection well system. It also recognizes Lima's Body Mechanics & Stretching program implemented in 2005.

Energy Initiatives

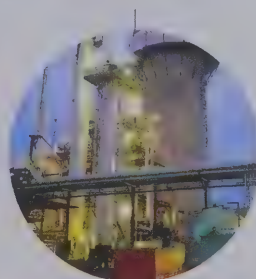
After the turnaround and capital projects were completed, energy performance improved significantly, by at least two MMBtu per tonne of production.

Local Procurement

The value of all goods, materials and services purchased locally in 2005 was \$12.5 million, which represented 81% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Ammonia	562,000	510,000	420,000
Urea liquid	364,000	305,000	283,000
Urea solids	309,000	263,000	248,000
Nitrogen solutions	132,000	128,000	110,000
Nitric acid/ammonium nitrate (liquid)	174,000	177,000	108,000
Employment			
# of employees (PotashCorp employees only)	5	5	4
Average tenure (years)	15	11	11
Gender ratio (% female/total employees)	n/a	20%	20%
Employee training provided (hrs per employee)	n/a	79	12
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0.74	2.94	2.29
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	1,082	995	974
Normalized GHGs (GHGs/tonne production)	1.7	1.8	2.3
Criteria/ Significant Air Pollutants (tons)			
Nitrogen oxides	1.60	1.48	1.33
Carbon monoxide	0.23	0.25	0.23
Ammonia	1.09	0.96	0.86
Emissions to Water (tons)			
Total nitrogen as N	48.7	50.2	32.4
Water Use (million gallons)			
Well water	1,358	1,036	1,076
River water	910	694	721
Recycled water	1,493	1,455	1,510
Desalinated/municipal water	597	582	604
Environmental Expenditures (\$000)			
Operating expenditures	\$479	\$457	\$520
Capital expenditures	0	0	\$34
Energy			
Energy costs (\$)	\$91.7 million	\$120.4 million	\$128.1 million
Energy use (BBtu)	22,705	20,295	17,653
Energy efficiency (MMBtu/tonne production)	44.5	43.9	46.3
Procurement			
Local purchasing (\$)	\$10.3 million	\$11.1 million	\$12.5 million



PCS NITROGEN LIMA

TRINIDAD

Atlantic Avenue, PO Bag 201, Point Lisas, Couva, Trinidad |
(868) 636-2205

Ian E. Welch, Managing Director | iewelch@pcsnitrogen.co.tt

Operations

Trinidad produces ammonia and urea solids. It has an annual capacity of 2.04 million tons of ammonia.

Significant Achievements

Trinidad achieved five million safe work hours in 2005, and five years without a lost-time injury.

It completed the revamp of two of its four ammonia plants, increasing production by approximately 185,000 tons per year. The revamps were successfully engineered, managed and executed by in-house teams, reducing the cost and developing intellectual capital within the facility.

The site also set production records in 2005: total production of 2.9 million tons, ammonia production of 2.08 million tons and urea production of 0.824 million tons.

Community Relations

The Community Awareness and Emergency Response Committee, composed of corporate neighbors, residents and regulatory agency representatives, has operated on the Point Lisas Industrial Estate since 1999. It met 12 times in 2005, discussing safety, health and environment best practices; development of a community risk assessment; estate emergency management; community outreach initiatives; training seminars for community groups and teachers; and restructuring of community communication strategies.

Trinidad was able to respond positively to community concerns about establishing a community emergency notification system and creating employment opportunities for persons living in the environs of the Point Lisas Industrial Estate.

Community Contributions

Cash donations to local community organizations in 2005 totaled \$63,000. The plant supports two local steelband orchestras: PCS Starlift Steel Orchestra and Lady Hochoy Music Makers. Other beneficiaries included the Cunupia Games (school sports) and the annual HSSE Conference of the American Chamber of Commerce.

In-kind contributions of \$35,000 benefited the Terry Fox Run, Energy Challenge, Sugar & Energy Festival, Women Against Breast Cancer Run and California Government School.

Energy Initiatives

The 03 and 04 ammonia plant revamps increased production rates while reducing energy consumption per ton of ammonia produced. While overall energy consumption increased with production, the improved energy efficiency substantially offset that increase.

Local Procurement

Local purchases totaled \$35.2 million in 2005, 37% of total procurement. Electricity and natural gas purchases are not included.

Performance Trends

	2003	2004	2005
Annual Production (tons)			
Ammonia	1,939,000	2,024,000	2,080,000
Urea solids	713,000	682,000	824,000
Employment			
Number of employees	395	395	406
Number of female employees	29	29	29
Gender ratio (% female/total employees)	7.3%	7.3%	7.1%
Average tenure (years)	10	11	12
Absenteeism rate (% hours absent)	3.5%	3.7%	3.4%
Employee training provided (hrs per employee)	187	295	149.4
Safety Performance			
Lost-Time frequency (per 200,000 hrs)	0	0	0
Recordable frequency (per 200,000 hrs)	0.45	0.23	0.23
Greenhouse Gas Emissions			
GHG emissions (000 tons CO ₂ equivalent)	3,592	3,719	3,785
Normalized GHGs (GHGs/tonne production)	1.7	1.7	1.7
Criteria/ Significant Air Pollutants (tons)			
Nitrogen oxides	2,208	2,349	2,271
Carbon monoxide	3,264	3,434	3,442
Ammonia	4,440	3,512	5,030
Emissions to Water (tons)			
Ammonia as N	231.3	162.7	193.0
Methanol	32.3	30.9	37.3
Water Use (million gallons)			
Desalinated/municipal water	1,325	1,301	1,365
Recycled water	552	552	552
Environmental Expenditures (\$000)			
Operating expenditures	\$348	\$589.3	\$541
Capital expenditures	\$423	\$605	\$0
Energy			
Energy costs (\$)	\$166.9 million	\$219.5 million	\$255.3 million
Energy use (BBtu)	79.4	81.1	82.4
Energy efficiency (MMBtu/tonne production)	45.1	44.1	43.7
Procurement			
Local purchasing (\$)	\$25.8 million	\$25.8 million	\$35.2 million



PCS NITROGEN TRINIDAD

glossary

GENERAL TERMS

Cogeneration

A secondary step in a process utilizing excess energy produced in a combustion cycle.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. This year, PotashCorp has adopted new draft G3 guidelines established by the GRI, which provide the framework for this report. For more information, visit www.globalreporting.org.

OPERATING TERMS

Capacity

The amount of a given nutrient PotashCorp can produce annually.

Feedstock

A basic product that is used to produce several different products.

Salt brine

Water containing dissolved potassium and sodium salts, which may be used to carry undissolved salts as a brine slurry.

MEASUREMENTS

Short ton

2,000 pounds, used for sales in the United States. To convert to metric tonnes, divide by 1.1023.

Tonne

A metric measurement of 2,204.6 pounds, used for sales outside the United States. To convert to short tons, multiply by 1.1023.

British thermal unit (Btu)

A unit of heat equal to the amount of heat required to raise one pound of water one degree Fahrenheit.

BBtu

Billion British thermal units.

MMBtu

Million British thermal units.

Joule (J)

A unit of energy equal to the amount of work done by a force of one Newton acting through a distance of one meter.

Giga joule (GJ)

One billion joules.

Tera joule (TJ)

One trillion joules.

Watt (W)

A unit of electric, mechanical or thermal power equal to one joule per second.

Megawatt (MW)

One million watts.

PRODUCT TERMS

Potash

KCl Potassium chloride

Phosphate

P₂O₅ Phosphoric acid

DAP Diammonium phosphate, 46% P₂O₅ (solid)

DFP Defluorinated phosphate

DCP Dicalcium phosphate or Dical

MCP Monocalcium phosphate or Monocal

Nitrogen

Anhydrous ammonia, 82% N (gas, liquid)

Nitric acid (liquid)

Ammonium nitrate, 34% N (solid, liquid)

Urea, 46% N (solid)

UAN nitrogen solutions, 28-32% N (liquid)

EMISSIONS TERMS

CH₄ Methane

N₂O Nitrous oxide

NPRI National Pollutant Release Inventory (Canada)

SAFETY TERMS

Frequency

Number of injuries (recordable or lost-time) multiplied by 200,000, divided by total hours worked.

Recordable injury

Medical Injury or Modified Work Injury or Lost-Time Injury.

Medical injury

A work-related injury that is a non-lost-time or non-modified work activity but requires medical treatment beyond first aid.

Modified work injury

A work-related injury where a Licensed Health Care Provider or the employer recommends that the employee not perform one or more of the routine functions of the job or not work the full workday that the employee would have otherwise worked.

Lost-time injury

A work-related injury that causes the injured person to be unable to return to work on his/her next scheduled workday after the day of the injury, because he/she is unfit to perform any duties.

This document contains forward-looking statements. These statements are based on certain factors and assumptions as set forth in this document, including foreign exchange rates, expected growth, results of operations, performance and business prospects and opportunities. While the company considers these factors and assumptions to be reasonable, based on information currently available, they may prove to be incorrect. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to: fluctuations in supply and demand in fertilizer, sulfur, transportation and petrochemical markets; changes in competitive pressures, including pricing pressures; risks associated with natural gas and other hedging activities; changes in capital markets; changes in currency and exchange rates; unexpected geological or environmental conditions; and government policy changes. Additional risks and uncertainties can be found in our 2005 annual report to shareholders and in filings with the U.S. Securities and Exchange Commission and Canadian provincial securities commissions. Forward-looking statements are given only as at the date of this document and the company disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

corporate information

CORPORATE OFFICERS AND KEY MANAGEMENT

William J. Doyle

President and Chief Executive Officer

James F. Dietz

Executive Vice President and Chief Operating Officer

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Executive Vice President and Chief Financial Officer

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Barbara Jane Irwin

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Senior Vice President, Information Technology

Joseph A. Podwika

Senior Vice President, General Counsel and Secretary

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President, PCS Sales

Garth W. Moore

President, PCS Potash

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President, PCS Phosphate

Stephen F. Dowdle

Senior Vice President, Fertilizer Sales, PCS Sales

Daphne J. Arnason

Vice President, Internal Audit

Karen G. Chasez

Vice President, Procurement

John R. Hunt

Vice President, Safety, Health and Environment

Denis A. Sirois

Vice President and Corporate Controller

CORPORATE OFFICES

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Saskatoon, SK Canada S7K 7G3

Phone: (306) 933-8500

PotashCorp

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Northbrook, IL 60062

Phone: (847) 849-4200

For information regarding sustainability initiatives,
please contact:

Thomas C. Pasztor

Senior Director, Corporate and Government Relations

Phone: (847) 849-4297

tcpasztor@potashcorp.com

For more information about management and the
Board of Directors, see the company website at
www.potashcorp.com/interested_in_potashcorp/management.



PotashCorp

Helping Nature Provide

2005 SUSTAINABILITY REPORT



compliments of

A handwritten signature in dark ink, reading 'William J. Doyle'. The signature is fluid and cursive, with a large, sweeping loop at the end.

William J. Doyle
President and CEO



BRINGING OUR
WORLD TO YOU

TELL US
what you think



NE



PotashCorp

and Sustainability Report

WE VALUE YOUR

feedback

Our 2005 sustainability report — *One World* — reports on our economic, social and environmental performance.

One of our sustainability commitments is to survey each of our key stakeholder groups annually. We use the feedback we gather to influence decision-making and corporate strategy.

Naturally, this process includes asking for input from the readers of our sustainability report. Please take a moment to answer a few questions about the report and tell us what you would like to see in the future. With your help, we can further refine our reporting from a fresh and valuable point of view — yours.





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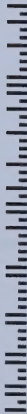


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How did you use the report?

- ☐ Read the full report
☐ Read sections of interest to me
☐ Scanned the report and graphs

Would you like to see more/less detail in next year's report?

Economic

- ☐ More ☐ Same ☐ Less

If More, describe _____

Social

- ☐ More ☐ Same ☐ Less

If More, describe _____

Environment

- ☐ More ☐ Same ☐ Less

If More, describe _____

Did the report change your perception of PotashCorp?

- ☐ Yes ☐ No

If Yes, in what way? _____

How can we improve the report next year?

Indicate the stakeholder group to which you belong:

- ☐ Customer
☐ Employee
☐ Investor
☐ Analyst
☐ Community Member
☐ Supplier
☐ Government Official
☐ NGO

If you have other suggestions for improving PotashCorp's report on sustainability, please contact Tom Pasztor at tcpasztor@potashcorp.com.

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BOARD OF DIRECTORS

Frederick J. Blesi, of Glenview, Illinois, is a retired Chairman and CEO of the Phosphate Chemicals Export Association Inc. (PhosChem), principal exporter of US phosphate chemicals. Before joining PhosChem, he was Vice President, International with International Minerals and Chemical Corporation. He is a director of the Evans Scholars Foundation and The Western Golf Association. He joined the PCS Inc. Board in 2001. (2,5)

William J. Doyle, of Winnetka, Illinois, is President and CEO of Potash Corporation of Saskatchewan Inc. He became President of PCS Sales in 1987, after a career with International Minerals and Chemical Corporation. He is Chairman of The Fertilizer Institute and the Potash & Phosphate Institute and Vice Chairman of Canpotex Limited. Mr. Doyle is on the College Board of Advisors at Georgetown University. He joined the PCS Inc. Board in 1989. (1)

John W. Estey, of Glenview, Illinois, is President and CEO of S&C Electric Company. He is a member of the Board of Governors of the National Electrical Manufacturers Association, a director of the Executives' Club of Chicago, and a member of the Dean's Advisory Board at the Kellogg School of Management at Northwestern University. He joined the PCS Inc. Board in 2003. (3,4)

Wade Fetzer III, of Glencoe, Illinois, is Retired Partner with the investment banking firm Goldman Sachs. He sits on the boards of Sphere Communications, Northern Star Broadcasting, University of Wisconsin Foundation, Rush-Presbyterian St. Luke's Medical Center and Sinochem Hong Kong Holdings Limited (Sinofer). He is also on the Kellogg Alumni Advisory Board. Mr. Fetzer joined the PCS Inc. Board in 2002. (2,3)

Dallas J. Howe, of Calgary, Alberta, is owner and CEO of DSTC Ltd., a technology investment company, and a director of Advanced Data Systems Ltd. and the Saskatchewan Wheat Pool. A director of the PCS Crown corporation from 1982 to 1989, he joined the PCS Inc. Board in 1991 and was elected Chair in 2003. (1,2)

Alice D. Laberge, of Vancouver, British Columbia, is a Corporate Director and the former President and CEO of Fincentric Corporation, a global provider of software solutions to financial institutions. She was previously Senior Vice President and Chief Financial Officer of MacMillan Bloedel Limited, and is a director of the Royal Bank of Canada, Catalyst Paper, the United Way of the Lower Mainland and St. Paul's Hospital Foundation. She joined the PCS Inc. Board in 2003. (4,5)

Jeffrey J. McCaig, of Houston, Texas, is Chairman and CEO of Trimac Holdings, a bulk trucking and third-party logistics company. Prior to that, he practiced law, specializing in corporate financing and securities. He is a director of Orbus Pharma Inc., The Standard Life Assurance Company of Canada and Stoneham Administration Inc. He joined the PCS Inc. Board in 2001. (3,5)

Mary Mogford, of Newcastle, Ontario, is a Corporate Director and a former Ontario Deputy Minister of Finance and Deputy Minister of Natural Resources. She is a director of Falconbridge Ltd. and MDS Inc., and a member of the Altamira Advisory Council. She is a Fellow of the Institute of Corporate Directors (ICD) and an accredited director under the ICD/Rotman School of Business Directors' Education Program. She joined the PCS Inc. Board in 2001. (2,5)

Paul J. Schoenhals, of Calgary, Alberta, is President and CEO of Enform, a petroleum industry safety and training service. He is a former Member of the Legislative Assembly and Cabinet Minister in Saskatchewan and was Chairman of Potash Corporation of Saskatchewan, the Crown corporation, from 1987 to 1989. He joined the PCS Inc. Board in 1992. (3,4)

E. Robert Stromberg, QC, of Saskatoon, Saskatchewan, was formerly associated with the Saskatchewan law firm Robertson Stromberg Pedersen. He is a director of NorSask Forest Products Inc. and Hitachi Canadian Industries Ltd. and holds the rank of Honorary Lieutenant-Colonel of the North Saskatchewan Regiment. He joined the PCS Inc. Board in 1991. (1,2,4)

Jack G. Vicq, of Saskatoon, of Saskatoon, Saskatchewan, is Professor Emeritus of Accounting, University of Saskatchewan. He is a past Associate Dean of Commerce at the university and was responsible for the Centre for International Business Studies. He formerly held the A.W. Johnson Distinguished Chair in Public Policy in the Saskatchewan Department of Finance. He joined the PCS Inc. Board in 1989. (1,5)

Elena Viyella de Paliza, of the Dominican Republic, is President of Inter-Quimica, S.A., a chemicals importer and distributor, Monte Rio Power Corp and Indescorp, S.A. She is president of the Dominican Business Council, a member of the board of the Inter-American Dialogue and past president of the Dominican Stock Exchange, Dominican Manufacturers Association and the National Agribusiness Board. She joined the PCS Inc. Board in 2003. (1,4)

Committees:

- (1) Executive Committee
- (2) Corporate Governance and Nominating Committee
- (3) Compensation Committee
- (4) Safety, Health and Environment Committee
- (5) Audit Committee

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PotashCorp

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